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# ***Daily Report***

## **China**

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# Daily Report

## China

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## General

### Li Peng Meets UNESCO Director General

OW0711165894 Beijing XINHUA in English 1448  
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—China attaches great importance to the role of the United Nations Educational, Scientific and Cultural Organization (UNESCO), and is keen to further its co-operation with UNESCO, Chinese Premier Li Peng said here today.

Li made the remark at a meeting with Federico Mayor Zaragoza, director-general of UNESCO, and his party here this afternoon.

Li said that China and UNESCO enjoy good co-operative relations, adding, "We are satisfied with this co-operation."

Noting that UNESCO is world's largest inter-governmental organization for talent co-operation, Li said that it shoulders the responsibility for promoting the development of education, science and culture for the UN member nations, especially the developing countries.

The Chinese premier expressed his appreciation at the education-for-all summit of the nine most populated developing countries and other international conferences sponsored by UNESCO and the UN Children's Fund.

He also expressed thanks to UNESCO as well as Mayor himself for their support and help for education in China, particularly its rural education.

Briefing the guests on the development of education in China, Premier Li said that the Chinese Government regards education as the base for economic vitalization and the raising of the people's qualities.

Among the developing countries, Li noted, China is the first to hold a state-level conference on universal education.

Touching on the world summit on social development to be held next year? Li said that China pays close attention to the summit, and recently held a national meeting on social development and exhibitions in preparation for the coming summit.

On the the Fourth World Conference on Women, to be held in Beijing next year, Li said that China, as the host nation, has been actively preparing for the conference. China welcomes participants from all countries and is confident that the conference will be a success, he added.

Mayor said that the co-operation between UNESCO and China has been very good, adding that the measures that China has adopted for national educational development had made a deep impression on him.

He said that UNESCO followed closely the meeting on education held in China, and has read carefully the key-note speech made by Premier Li at the meeting.

Mayor said that UNESCO will continue to co-operate with China and do what it can to help China's education.

Zhu Kaixuan, Chinese minister in charge of the State Education Commission, was present at the meeting between Li and Mayor.

### Li Guixian Presents Awards to Japanese, Canadian

OW0711170394 Beijing XINHUA in English 1531  
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—The State Bureau of Foreign Experts Affairs (SBFEA) conferred the 1994 friendship awards on Masao Kinoshita, director of education of Japan's Kanagawa Prefectural Education Agency, and Daniel W. Haggerty, president of Canadian Executive Service Overseas, here this evening.

State Councillor Li Guixian presented the awards.

The purpose of the friendship awards, established in 1991 by the SBFEA, is to show gratitude to foreign experts working in China and leaders of foreign organizations who have done excellent jobs in promoting China's social development, scientific progress, economic construction, culture, education and skill training.

The SBFEA has so far conferred 99 friendship awards.

### Qian Qichen Meets With UNESCO Director General

OW0711144494 Beijing XINHUA in English 1418  
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—Qian Qichen, China's vice-premier and minister of foreign affairs, met with Federico Mayor Zaragoza, director-general of United Nations Educational, Scientific, and Cultural Organization (UNESCO), and his party here this afternoon.

The two sides exchanged views on UNESCO's roles in the world as well as its cooperation with China.

### Beijing Hosts International Banking Conference

OW0711144594 Beijing XINHUA in English 1405  
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—The Retail Banking Executive (RBX) 1994 conference, co-sponsored by the People's Bank of China (PBC) and AT&T China Inc., opened here today.

The two-day seminar, the first of its kind in China, brings together foreign bankers, financial industry leaders and up to 250 senior Chinese banking officials.



Vice governor of the PBC Yin Jieyan, AT&T chairman Bob Allen, and former president of the New York Federal Reserve Bank Gerald Corrigan attended today's opening ceremony and presented important lectures.

A spokesman for the conference said that RBX-94 explores the strategies and tactics needed to provide the most cost efficient and cost effective services to customers. The RBX conference series has been presented globally for the past five years.

AT&T is one of the major foreign companies that are engaged in close cooperation with China, its present activities in China include the marketing of switching, transmission and wireless systems, networked computing systems, and multimedia products and services. It has so far opened nine joint ventures in China.

#### **Official on 1995 Women's Conference Preparations**

*OW0711170694 Beijing XINHUA in English 1548 GMT 7 Nov 94*

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—Preparations for the world conference on women are going on smoothly, said an official of the China organizing committee at a press conference here today.

There are 301 days left before the conference opens in Beijing in September, 1995.

Li Yuanchao, director of the Public Information Committee of the China Organizing Committee, said that as the conference host, China sent a delegation to participate in the drafting of the program of action, the final conference document.

China is now consulting relevant countries on the draft focusing on resolving problems of poverty, employment, education and health care of women.

Li noted that the white paper on Chinese women published in June was the first government document on the subject after New China was founded in 1949.

China was the first nation to submit to the United Nations its national report on the implementation of the Nairobi perspective strategy. The report was published in October.

Renovation and construction of the venue and facilities for the world conference are underway, said the official. Disabled excess has been built in the buildings and lavatories for the disabled will also be constructed.

Xu Znijian, vice-chairman of the China Organizing Committee, told the press conference that the Chinese Government will bear 200 million yuan (about 23.4 million U.S. dollars), most of the cost. Donations from home and abroad have surpassed 30 million yuan.

It is learned that the non-governmental organization (NGO) forum to be held during the conference will have

some 30,000 participants, including 20,000 from overseas. China's NGO has trained over one million people for the forum.

Xu said that the China Organizing Committee will provide convenient services for some 3,000 reporters to cover the conference. Foreign journalists are expected to send their applications to the UN headquarters from January 1, 1995.

Two UN delegations have visited China and were satisfied with the preparations, the officials said.

The world conference will begin in Beijing on September 4, 1995.

#### **DPRK, U.S. To Discuss Agreed Framework**

*OW0811002594 Beijing XINHUA in English 1732 GMT 7 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 7 (XINHUA)—The Democratic People's Republic of Korea (DPRK) and the United States will start experts' discussions later this month on the implementation of their agreed framework.

A spokesman of the DPRK Foreign Ministry announced today that the DPRK and the United States recently had a series of working contacts in New York to open experts' discussions on the implementation of their agreed framework.

He said that at the contacts the two sides agreed to hold the experts' discussions on the safe storage of spent fuel in Pyongyang from November 12 to 19.

Experts' discussions on the conclusion of a contract on the provision of light water reactors will begin in Beijing on November 30 and experts' discussions on the establishment of liaison offices will be held in Washington from December 6 to 10, he said.

#### **Clinton Congratulates UNITA Leader on Protocol**

*OW0411134394 Beijing XINHUA in English 1311 GMT 4 Nov 94*

[FBIS Transcribed Text] Luanda, November 4 (XINHUA)—The United States President Bill Clinton has wrote [as received] to leader of the Angolan opposition movement UNITA, Jonas Savimbi, to congratulate him on the initialing of the Lusaka peace protocol.

According to the local newspaper "ANGOLA DAILY" today, the letter, dated October 31, also called on the Angolan Government and the National Union for the Total Independence of Angola (UNITA) to stop military clashes immediately.

President Clinton said in the letter that the United States would send a delegation to attend the formal signing ceremony of the Angolan peace treaty to be held in Zambian capital Lusaka on November 15.

He expressed the hope that Savimbi would hold talks with the U.S. delegation over cooperation between the two sides in a bid to ensure the full implementation of the peace treaty.

The Angolan Government and UNITA initialed the peace protocol on the evening of October 31, after almost one year of hard negotiation in Lusaka.

The United States is one of the observer countries in the Angolan peace process. The U.S. ambassador to Angola has been with the whole process of the peace talks and attended the initialing ceremony.

#### **Daily on Deng Remarks on Sino-U.S. Ties, Taiwan**

HK0811061294 Hong Kong WEN WEI PO in Chinese  
7 Nov 94 p A2

[Editorial: "Deng Xiaoping on Taiwan Issue"]

[FBIS Translated Text] The second editions of the first and second volumes of Deng Xiaoping's works were distributed last week in the mainland. Eighteen articles being made public for the first time were added to the new edition and there were also articles on the Taiwan issue. Deng Xiaoping is a member of the CPC's first-generation leading body and the core of the second-generation leading body. His remarks on the Taiwan issue enable us to understand Beijing's Taiwan policy and understand the mainland authorities' opinion on the development of the Taiwan situation. On 1 January 1979, the National Committee of the Chinese People's Political Consultative Conference [CPPCC] held a meeting to discuss the message to Taiwan compatriots issued by the National People's Congress Standing Committee. Deng Xiaoping, who was then chairman of the CPPCC National Committee, gave a speech about including the settlement of the Taiwan issue and the realization of the motherland's reunification in the day-to-day work schedule. In the speech, Deng mentioned three points: First, the focus of the work throughout the whole country has been shifted to the four modernizations; second, Sino-U.S. relations have been normalized; third, the settlement of the Taiwan issue and the realization of the country's reunification have been included in the day-to-day work schedule. He pointed out that all this represented the great achievements in the party's domestic and international work.

On 4 January 1981, when meeting with Theodore Stevens, U.S. Senate Republican deputy leader, and Anna Chan Chennault, Deng Xiaoping also talked about the Taiwan issue. He said: When China and the United States established diplomatic relations in 1979, the key was the settlement of the Taiwan issue and the United States acknowledgement that Taiwan is part of China. The settlement of this issue enabled the two countries to establish diplomatic relations and to continue developing relations. The Taiwan issue was solved in the past but it is now once again being mentioned. If the Taiwan

issue causes a retrogression in Sino-U.S. relations, China will not swallow the bitter fact and will certainly make a corresponding reaction. He added: Since the normalization of Sino-U.S. relations and Sino-Japanese relations was all based on the settlement of the issue that Taiwan is part of China's territory, this will continue to be the key to whether Sino-U.S. relations, Sino-Japanese relations, and China's relations with other countries will further develop in the future.

The current significance of publishing the two speeches is to show that the principles have been proved correct and the speeches are still of great immediate significance. First, the development of Sino-U.S. relations and Sino-Japanese relations is still contingent on the Taiwan issue to a great extent. In recent years, the U.S. Government has sometimes violated the three joint communiqués on Sino-U.S. relations. For example, it sold offensive military equipment to Taiwan and China made an immediate corresponding reaction. After the Clinton administration took power, it reiterated many times its support for a strong and prosperous China and indicated its willingness to abide by the principles of the three joint communiqués for developing friendly relations with China. The United States flatly rejected the requests of senior Taiwan officials to stopover in U.S. territory. However, the Japanese Government changed its correct practice and allowed the deputy head of Taiwan's "Executive Yuan" and "economic minister" to enter its territory this year without regard to the serious protests of the Chinese Government, thus creating some very bad precedents. During Vice Chairman Rong Yiren's recent visit to Japan, Japanese Prime Minister Murayama said that the Japanese Government had not changed its position on one China. Both the United States and Japan should take notice of Deng Xiaoping's words that the principled position represents China's basic national policy, which will never change. Any attempt to sound out the attitude of the Chinese Government will only encounter China's firm answer: China will never make concessions on this major issue concerning its state sovereignty and territorial integrity.

In addition, the Taiwan authorities and people advocating "Taiwan independence" should also be aware that China's position on "there being only one China, and Taiwan being part of China" is never an insignificant commonplace; instead, it represents a major principle concerning the nation's unity and prosperity. More than 10 years ago, when China had just begun to carry out the reform and opening policy, Deng Xiaoping resolutely included the Taiwan issue in the work schedule; now, China has substantially increased its strength and has become much more prosperous and the internal and external conditions for the settlement of the Taiwan issue have become more favorable. "Taiwan independence" will never succeed and China will certainly realize peaceful reunification. Deng Xiaoping's remarks represent the common wishes of the Chinese people and the irreversible trend of the times!



**Daily Views Prospects for APEC**

HK0811040394 Hong Kong WEN WEI PO in Chinese  
7 Nov 94 p A4

["Special report" by "special correspondent" Zhu Guoqiu (2612 0948 4428): "Whither is the Ship of APEC Bound?"]

[FBIS Translated Text] The annual meeting of the Asia-Pacific Economic Cooperation [APEC] will begin in Jakarta, Indonesia, next week. Ministers of 18 member countries and regions will begin wide-ranging and thorough discussions on the issue of trade liberalization in the region. The APEC unofficial summit which follows will issue a declaration of choice, which will be of great significance. Analysts here maintain that the APEC, which was set up five years ago, is now at a point of having to make a choice. The choice of whether or not it will become a trading bloc like the EC or to continue as a tool to promote free trade is still uncertain.

**A Loose Structure**

According to IMF data the population, GNP, and trade volume of APEC members already account for 40, 50, and 60 percent respectively of the world's totals. Moreover, the majority of its members are maintaining a comparatively high rate of economic growth. Furthermore, due to the great disparities in resources and technology in the region and the heterogeneity in its economic structure, the Asia-Pacific region is universally acknowledged to be a huge potential market. In November 1989, the then Australian Prime Minister Robert Hawke proposed setting up the APEC. Undoubtedly, he did this because he was stimulated by the European Union and the Uruguay Round of Talks and because he wished to promote free trade within the region through regional cooperation. According to his idea at that time, the aim of the APEC is to set a model of open cooperation and discuss trade issues within the region to promote the sustained economic development of the Asia-Pacific region. However, in essence, the APEC is still a loose and unbinding trade forum and is totally different from exclusive trading blocs such as the EC and NAFTA.

**ASEAN's Ideas**

One year after the APEC was set up, however, Malaysian Prime Minister Mahathir put forward the idea of East Asia Economic Cooperation [EAEC] with its proposed membership comprising the ASEAN countries, Japan, and China, thus furthering the idea of Asian regionalism. Very obviously, Mahathir's idea was intended to keep the United States out. Some Asian countries which were worried about U.S. attempts to dominate the APEC also showed their support for the EAEC. But the United States has been vigorously opposed to this idea from the very beginning. Moreover, it has adopted the counterbalancing means of attaching twice as much importance to the APEC. Last year's APEC Seattle Meeting fully

demonstrated that the Clinton administration attaches importance to the Asia market. In addition to upgrading the ministerial meeting to an unofficial summit, the United States also set up the APEC Trade and Investment Commission. This has fully exposed the U.S. attempt to control Asia, whose economy is growing speedily, and to force the various Asian countries to open up their markets. At the same time, some Asian countries were also worried that the United States would turn the APEC into a trading bloc, making it a tool with which to compete with the European Union. Mahathir therefore declined to attend the Seattle summit. ASEAN set up a free trade area last year. Moreover, the idea of setting up the EAEC is not "abortive" at all. When the right time comes, it is still possible for it to become a reality.

In this sense, the forthcoming Jakarta meeting should discuss the question of how to ease the worry of some Asian countries over the uncertain future of the APEC and formulate a long-range plan acceptable to all its members through consensus and concessions. Earlier this year, the APEC's "celebrities club [ming ren hui 0682 0086 2585]" gave a report, which later led to extensive disputes, proposing a timetable for initiating free trade in the region and suggesting that APEC achieve the goal of setting up a free trade area by the year 2000 at best. The United States, Australia, Singapore, and the host country Indonesia have shown their support for it, but Malaysia is resolutely against it.

**A Great Many Twists and Turns**

It seems that it will be very difficult to reach a consensus on this issue at the Jakarta meeting. The declaration of choice to be made at the unofficial summit will very probably be vague in its elaboration of trade liberalization. Wu Yi, Chinese minister of foreign trade and economic cooperation, told this reporter in Manila last month, that: China basically supports regional trade liberalization and is not against the existence of a timetable. However, the timetable must be flexible and unbinding. She held that two principles should be observed in order to promote free trade. First, members should steadily and unconditionally grant most-favored-nation status to each other. Second, taking into consideration the different levels of their economic development, the timetable for trade liberalization should vary from member to member. On the other hand, Malaysian Prime Minister Mahathir has once again urged that APEC should not be too quick in promoting the process of institutionalization and that it should not become an organization which demands mandatory acceptance of its policy decisions. Japanese trade officials also hold that it appears unrealistic to agree on detailed steps of trade liberalization at the present time.

**United States & Canada****Jiang Zemin Meets AT&T Chairman**

OW0711131494 Beijing XINHUA in English 1231  
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—Chinese President Jiang Zemin met with AT&T Chairman Robert Allen and his party here today.

Noting China's great achievements in the field of telecommunications, Jiang said his country and the United States are highly complementary in this regard.

There are bright prospects for cooperation between China and the U.S. company, Jiang told Allen.

Allen said that his company is very satisfied with its cooperation with China. He expressed the hope that the mutually beneficial cooperation will be further expanded.

Chinese Minister of Posts and Telecommunications Wu Jichuan and U.S. Ambassador to China J. Stapleton Roy took part in the meeting.

### Shanghai Offers Property Rights Transfer in U.S.

OW0511131594 Beijing XINHUA in English 1223  
GMT 5 Nov 94

[FBIS Transcribed Text] Shanghai, November 5 (XINHUA)—Shanghai, the largest industrial city of China, today for the first time offered to sell property rights of 100 agricultural and collectively owned industrial enterprises to the U.S. market.

According to Gong Jiemin, president of the Shanghai Rural and Urban Property Rights Exchange, which is in charge of the offer, the measure is intended to make fuller use of the properties and promote the export oriented economy.

The 100 enterprises cover 11 sectors in all, including agricultural products processing, metal products, machinery, building materials and petrochemicals, with the property of the largest enterprise valued at 120 million yuan (13.8 million U.S. dollars).

Gong, who has left here for the U.S., said earlier today that he would conduct substantial talks with U.S. commercial and legal experts on the transfer of Chinese property rights outside the country.

So far Gong's company has selected 500 non-state-owned enterprises for transfers of their property rights.

### Sino-U.S. Publishers Jointly Launch Computer Magazines

OW0411135094 Beijing XINHUA in English 1305  
GMT 4 Nov 94

[FBIS Transcribed Text] Beijing, November 4 (XINHUA)—The U.S.-based Ziff-Davis International media group announced here recently the launch of the Chinese edition of its leading computer magazines PC MAGAZINE and PC COMPUTING in China aimed to help the country's fast-growing computer market.

Ziff-Davis, in partnership with the U.S. Richina Media Holdings Limited, has licensed its copyrights and editorial content to two Chinese publishers, the publishing

house of Nankai University in Tianjin and the publishing house of the Chinese Ministry of Electronics Industry.

Both the magazines will be published monthly. The PC MAGAZINE, with a circulation of 30,000, will be published by the Nankai publishing house, while PC COMPUTING by the publishing house under the [Ministry of] Electronics Industry with a circulation of 50,000.

Speaking at a ceremony to mark the launch of the Chinese edition, J.B. Holston, president of Ziff-Davis, said, "We recognize the tremendous growth and development of the computer market in China, and we are committed to serving the expanding market with Chinese editions of our leading publications."

### U.S. Company To Invest More Funds in 'China Base'

OW0411125394 Beijing XINHUA in English 1104  
GMT 4 Nov 94

[FBIS Transcribed Text] Shanghai, November 4 (XINHUA)—Avery Dennison Company of the U.S. has decided to pump another 60 million dollars into its "China base" soon after the 30-million-dollar project began.

According to Bob Fletcher, vice-chairman of Avery's Asian Pacific headquarters, his company has turned its centre of development to the Asian Pacific region and the construction of "China base" is its long-term strategy.

Avery will first produce non-dry sticky materials, which aims at helping to improve the printing quality for Chinese users and replacing the import of the same product for China.

Avery is a famous multinational company based in the U.S. It mainly produces binding agent and its raw materials, office supplies and other special chemical products.

### Hubei Governor Returns From Visit to U.S.

HK0811053094 Wuhan Hubei People's Radio Network  
in Mandarin 1000 GMT 29 Oct 94

[FBIS Translated Text] A Hubei provincial economic delegation headed by Governor Jia Zhijie returned to Wuhan by plane this afternoon, after successfully concluding its tours of the United States and Canada. Welcoming the delegation at the airport were Wang Shengtie, provincial party committee standing committee member and vice governor, and Deng Guozheng, provincial party committee standing committee member.

Governor Jia Zhijie visited Alabama and Ohio, states which have both established friendly relationships with Hubei Province. While in Ohio, he signed a letter of intent on scientific and technological cooperation



between Hubei and Ohio. The Ohio governor formally announced that he will visit Hubei in April or May next year. The Alabama governor wished to develop prolonged friendship and cooperative relations with Hubei.

While visiting Canada, Governor Jia Zhijie held talks with the prime minister of Quebec. Both sides signed an agreement on Hubei-Quebec economic and technological cooperation. The Quebec prime minister said that an authoritative delegation will be sent to Hubei in two weeks' time to discuss ways of pooling capital for cooperative exploitation of the Qing Jiang Basin.

A Hubei provincial water resources and power supply delegation, which was visiting Canada at the same time, signed a letter of intent with the Canadian International Projects Management Corporation on developing the Qing Jiang.

Cheng Yuntie, secretary general of the provincial government, as well as persons in charge of the provincial planning, economic, foreign affairs, and foreign trade and economic cooperation commissions, who accompanied the governor on his U.S. and Canada visits, also returned to Wuhan on the same plane.

#### Canadian Prime Minister, Officials Continue Visit

##### Li Peng, Chretien Hold Talks

OW0711140794 Beijing XINHUA Domestic Service in Chinese 0812 GMT 7 Nov 94

[By reporter Feng Xiuju (7458 4423 5468)]

[FBIS Translated Text] Beijing, 7 Nov (XINHUA)—During his talks with Canadian Prime Minister Jean Chretien here today, Chinese Premier Li Peng said the Canadian prime minister's visit to China is "an important page in the history of Sino-Canadian bilateral ties and will have far-reaching effects on the growth of relations between the two countries".

Li Peng and the Canadian prime minister held two rounds of talks, lasting about two hours, in the Great Hall of the People. Li Peng said: Chretien is heading the biggest mission ever from Canada, comprised of nine provincial premiers and two territorial government leaders and a delegation from economic and business circles with nearly 400 members. He brings with him the friendly feelings of the Canadians towards the Chinese people. This fully shows that the Canadian prime minister places great importance on the development of Sino-Canadian relations.

Li Peng noted that his small-scale talks [xiao fan wei mui tan 1420 5400 0953 2185 6151] behind closed doors with Chretien were very successful and have deepened mutual understanding and strengthened mutual confidence in the long-term cooperation between the two countries. He said he is convinced that Chretien's visit to China will achieve successes.

Chretien said the Canadian Government highly values its relationship with China. When former Prime Minister Pierre Trudeau made the decision to establish diplomatic ties with China, Chretien, as a member of Trudeau's cabinet, gave his full support to that decision.

He said that both Canada and China, which are members of the Asian Pacific Economic Cooperation [APEC] organization, are willing to play positive roles in promoting peace and development in the region. China is an important country in both the region and the rest of the world, and its rapid growth has won world-wide attention. China's prosperity will be beneficial not only to itself, but also to world peace and economic growth.

Chretien said: We are very pleased to note that during the past year, Canada-China trade and economic cooperation have covered a wider range of areas and their contents have become richer. Canada has advanced expertise in communications and transportation, energy, and telecommunications. We hope to see further cooperation in these fields in the future.

He said: This time we have come with a large delegation which includes entrepreneurs. We hope to further explore possibilities for expanding bilateral cooperation in every field, including economic and trade cooperation.

Chretien said that Canada and China have many common points and have shared many common interests. There are reasons and conditions for better bilateral relations.

The prime ministers of British Columbia, Ontario, and Alberta also spoke during the talks. They shared the belief that the local Canadian governments, like the federal government, attach great importance to developing a long-term cooperative relationship between Canada and China. They said that some Canadian provinces and cities have forged friendly ties with Chinese counterparts and conducted fruitful cooperation in the specific fields of energy, communications, and agriculture. The further development of the Chinese economy has created a favorable condition for the various provinces of Canada for expanding cooperation with China. They expressed the hope that the governments of the two countries will encourage and boost such cooperation.

Prime Minister Chretien said Canada supports the early resumption of China's status as a signatory in the GATT, and supports its bid to become a founder of the World Trade Organization.

Premier Li Peng expressed his gratitude for this. He also thanked the prime ministers of the Canadian provinces for their enthusiasm in participating in China's economic construction.

Li Peng said: China is a developing country with tremendous potential while Canada is one of the major developed countries in the world. The economies of the two

countries are mutually complementary. China and Canada have a fairly long history of cooperation, and the record of cooperation has been good. Just as Prime Minister Chretien and the provincial prime ministers have said, the Chinese economy is developing vigorously, and its foreign trade is also growing rapidly. Therefore, China is a huge market and is playing a role in invigorating and making the world economy flourish, a role not to be ignored.

He said: China wishes to see that Canadian enterprises, taking advantage of their favorable conditions for cooperation and their business reputation, will win opportunities for cooperation in competition and that the sphere of cooperation between the two countries will be constantly expanded on the basis of equality and mutual benefit. He expressed the hope that cooperation in culture, education, and other fields between the two countries will be further expanded.

Prime Minister Chretien invited Premier Li to visit Canada next year. Li Peng thanked the Canadian prime minister for the invitation and accepted the invitation with pleasure. The specific date for the visit will be discussed through diplomatic channels.

Prior to the talks, Premier Li Peng gave a welcoming ceremony in the Central Hall of the Great Hall of the People for Chretien and Mrs. Chretien and their party.

Present on the occasion were Li Peng's wife Zhu Lin; Vice Premier Zou Jiahua; Vice Chairman of the National People's Congress Standing Committee Buhe; Zhang Haoruo, chairman of the Chinese Government Reception Committee and minister of internal trade; and Zhang Shiming, vice chairman of Chinese Peasants' and Workers' Democratic Party Central Committee.

This evening, Li Peng will host a banquet in honor of Prime Minister Chretien and his wife and other Canadian guests in the Great Hall of the People.

#### Jiang Zemin Meets Chretien

OW0811094194 Beijing XINHUA Domestic Service in Chinese 1211 GMT 7 Nov 94

[By reporters Luo Hui (5012 6540) and Wen Jihua (2429 4949 5478)]

[FBIS Translated Text] Beijing, 7 Nov (XINHUA)—President of the State Jiang Zemin this afternoon [7 November] met with Canadian Prime Minister Jean Chretien at Zhongnanhai. President Jiang Zemin hoped that China and Canada would make joint efforts to strengthen cooperation and enable bilateral relations to always develop in the direction of friendship and cooperation.

President Jiang Zemin said: The people of China and Canada have a long history of friendly contacts, and there is no fundamental conflict between the two countries. He emphatically pointed out that under the current

complicated and changeable international situation, regarding the development of their relations, China and Canada should not only have their eyes on the present, but also should focus their attention on the 21st century. The two countries should not only have China and Canada in mind, but should also take into account the perspective of the world situation.

Jiang Zemin expressed his welcome to Prime Minister Jean Chretien on his visit. The two leaders favorably recalled their friendly talks in Seattle last year.

Jiang Zemin said: Prime Minister Chretien has brought with him a very large delegation during his first visit to China, including nine provincial governors. This fully shows that relations between China and Canada have a firm foundation, and that there are broad prospects for cooperation. He expressed his belief that the Canadian prime minister's visit would achieve a complete success and make positive contributions to further developing relations between China and Canada.

Prime Minister Jean Chretien said that in more than two days in Beijing, the Chinese people's hospitality had left a deep impression on him. He said: More than 300 Canadian entrepreneurs have come with me during the current visit. "I believe this important visit will have fruitful results in developing relations between Canada and China. I am also convinced that there are broad prospects for cooperation between the two countries. By the end of this century, the amount of bilateral trade will be increased by a great extent."

Several Canadian governors also spoke at the meeting. They expressed their admiration for China's achievements and great changes in economic development during the past several years. They held that there is great potential for cooperation between the two countries in various fields, and that the Canadian side will make positive efforts to actively take part in China's economic construction on the basis of equality and mutual benefit.

Chretien reiterated Canada's support to China's early restoration of its signatory position at the GATT and joining the World Trade Organization. Jiang Zemin expressed his appreciation in this regard.

Leaders of the two countries expected to meet again during the APEC conference sessions.

Chen Jinhua, minister of the State Planning Commission; Zhang Haoruo, minister of internal trade and chairman of the Chinese Government Reception Committee; and Zhang Shiming, vice chairman of the Chinese Peasants' and Workers' Democratic Party, attended the meeting.

Today, Wu Yi, minister of foreign trade and economic cooperation, and Zhang Haoruo, minister of internal trade, respectively met with Roy MacLaren, Canadian minister of international trade.

**Trade Ministers Meet Roy MacLaren**

OW0711125994 Beijing XINHUA in English 1227  
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—Chinese Minister of Foreign Trade and Economic Cooperation Wu Yi and Minister of Internal Trade Zhang Haoruo met with Canadian International Trade Minister Roy MacLaren and his party on separate occasions here today.

MacLaren and his party are accompanying Canadian Prime Minister Jean Chretien here on a visit to China.

Wu and Canadian visitors exchanged opinions on some issues concerning bilateral trade.

Zhang briefed the Canadians on China's economic development since China adopted a reform and opening policy in the past decade and more.

**Zou Jiahua Meets Canadian Banker**

OW0711131694 Beijing XINHUA in English 1245  
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—Chinese Vice-Premier Zou Jiahua met with John Cleghorn, president and chief executive officer of the Royal Bank of Canada, and his party here today.

Zou said that the bank circle plays an important role in Sino-Canadian economic cooperation and he believed that Cleghorn's current China visit will give an impetus to the development of bilateral economic cooperation.

Cleghorn said that the Royal Bank of Canada, which ranks first among the Canadian banks, would try its best to strengthen its friendly cooperation with the Bank of China and promote bilateral cooperations in financial circle and on economy and trade.

The Royal Bank of Canada established an agent ties with the Bank of China in 1954.

Cleghorn and his party are here as guests of the Bank of China.

**Chen Xitong Meets Business Executives**

OW0711172194 Beijing XINHUA in English 1609  
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—Beijing is willing to strengthen co-operation with Canada in many fields, said Chen Xitong, secretary of the Beijing Municipal Committee of the Communist Party of China (CPC) here today.

Chen, also a member of the Political Bureau of the Communist Party of China Central Committee, made the remark when meeting with a delegation from the Manufacturers Life Insurance Company of Canada, headed by Dominic d'Alessandro, president of the company.

During the meeting Chen briefed the Canadian guests about Beijing's economic development.

Over the past decade of reform and opening up Beijing has experienced rapid economic development. The gross domestic product (GDP) last year grew 12 percent compared with the previous year and the GDP for this year is expected to grow 13 percent compared with last year.

Many overseas investors have shown strong interest in investing in the nation's capital, as it has begun to show great market potential. So far, the city has approved the establishment of more than 9,000 foreign-funded enterprises, and the figure is expected to hit 10,000 by the end of this year, said Chen.

D'Alessandro highly praised China's speedy economic development. He told Chen that his company is interested in the Chinese market and has the intention of expanding business in the country.

Chen said that Canada has high technology in many fields and boasts advanced management experience which Beijing should study and borrow. He said he hoped to see strengthened co-operation in the field of basic urban facilities between China and Canada, and that more Canadian investors would try their luck in Beijing.

D'Alessandro, together with 300 other representatives of Canada's industrial, commercial and banking communities, are in the entourage of visiting Canadian Prime Minister Jean Chretien.

The Manufacturers Life Insurance Company is one of the leading insurance companies in Canada. It has agencies in Beijing, Shanghai and Chengdu, capital of Sichuan Province.

The Canadian guests will visit other Chinese cities, including Chengdu.

**Chretien on Nuclear Accord**

LD0711221294 Montreal Radio Canada International  
in English 2100 GMT 7 Nov 94

[FBIS Transcribed Excerpt] Canada and China have signed a nuclear cooperation agreement. The accord was signed during a meeting between Canada's Prime Minister Jean Chretien and China's Premier Li Peng. It paves the way for the sale of CANDU nuclear reactors to China. The signing of an agreement to negotiate the sale of the reactors is likely to come tomorrow [8 November]. The two countries also signed seven other business and aid agreements. [passage omitted]

During today's meeting, Prime Minister Chretien and Premier Li also discussed human rights, but neither side can agree on what was said. More on the story from Jennifer Westerway:

[Westerway] An honor guard welcomed Chretien into the cavernous marble rooms of Beijing's Great Hall of



the People. At the signing ceremony, the most important paper on the table was a nuclear cooperation agreement. It says China will not use Canadian technology or materials for a weapons program. Chretien says it is the first step in what could be a lucrative sale of two CANDU reactors to China.

[Begin Chretien recording] We were happy with the result and the signing of the agreement on nuclear collaboration between the two countries that would lead to an agreement to begin with [words indistinct] of two, buying by the Chinese of two reactors. [end recording]

[Westerway] The other agreements deal with (?feeder) projects, some of which aim to promote human rights in China. Chretien says he also raised the issue of human rights with Premier Li Peng. The Chinese deny this, but Chretien says he has no idea why.

[Begin recording] [Chretien] Don't ask me, [words indistinct] [laughter]

[Unidentified correspondent] Can you tell us what the premier's response was when you raised the human rights question?

[Chretien] There was no debate. I said what I said and he moved on to something else. [end recording]

[Westerway] Several premiers who attended today's meeting also say human rights were discussed. Chretien says he told the Chinese that Canada will not link trade to human rights, but it does want to continue an open dialogue about the issue. There was not, it appears, any open dialogue today.

#### Chretien Discusses Ties

OW0811093194 Beijing XINHUA in English 0922 GMT 8 Nov 94

[FBIS Transcribed Text] Beijing, November 8 (XINHUA)—Visiting Canadian Prime Minister Jean Chretien said here today that his China tour is aimed at "building bridges across the Pacific that will connect the people of China and Canada."

Addressing at the Beijing University here this morning, Chretien said that Canada is an open country which is "open to new ways of doing things". It is against that background that Canada has forged its relationship with China.

He noted that in 1970 Canada made a decision to recognize the People's Republic of China and establish its diplomatic relations with it, which preceded many other nations.

"In 1970, we were guided by certain principles of Canadian foreign policy. They remain as valid today as they were then," he said.

Chretien said: "We believe that international stability grows as countries learn about each other, visit each

other, trade with each other, cooperate and communicate with each other on important issues."

For more than 20 years, he said, Chinese scholars have been studying in Canada while Canadian scholars have been studying in China. In April of next year, "we will establish a Canadian education information centre in Beijing to provide a focus for all of our educational activities in China."

"We want these exchanges to expand," he added.

The Canadian prime minister told the university's teachers and students that he was so pleased to be leading the largest mission ever mounted by Canada to China.

During the visit, he said, everywhere they look in China, they see opportunities to work together—on trade and investment, on science and technology, on social and educational questions, on international issues as well.

He said that China, like Canada, is poised to join the World Trade Organization, adding: "we will work hard to make it a success, because our futures depend on international trade."

The prime minister noted that the two countries are engaged in constructing an Asian-Pacific community through the Asia Pacific Economic Cooperation (APEC) and both are committed members of the United Nations (U.N.).

As the demands upon the UN grow, he said: "we will have to work together on vital questions of reform. We look forward to next year's fourth United Nations world conference on women, to be held in Beijing".

#### Deal on Nuclear Reactors

HK0811092594 Hong Kong AFP in English 0850 GMT 8 Nov 94

[FBIS Transcribed Text] Beijing, Nov 8 (AFP)—Canada and China Tuesday signed a memorandum of understanding in Beijing, sealing a 3.5 billion Canadian dollar (2.59 billion U.S.) deal for the supply to China of two 700 Megawatt CANDU nuclear reactors.

Atomic Energy of Canada Ltd. (AECL) will provide between 1.4 billion and 2.1 billion Canadian dollars in goods and services, while the remainder will come from the Canadian government.

The signing of the contract between AECL and the China national nuclear corporation took place during the official visit to China by Canadian Prime Minister Jean Chretien.

No details were given as to the proposed location of the reactors.

#### Chretien Discounts Danger

HK0811115594 Hong Kong AFP in English 1142 GMT 8 Nov 94

[By Giles Hewitt]



[FBIS Transcribed Text] Beijing, Nov 8 (AFP)—Canadian Prime Minister Jean Chretien wound up the Beijing leg of his China visit here Tuesday, hailing the signing of trade deals worth 8.6 billion Canadian dollars (6.4 billion U.S.), including the sale of two nuclear reactors.

"Today marks a new era in Canada-China trade relations," said Chretien, who arrived here Saturday at the head of a 300-member trade delegation—the largest ever to come to China. "The deals signed today are a tremendous achievement," he said, adding that they opened the door for "strong and sustained trade in the years ahead."

The highlight of the trade negotiations was the signing of a memorandum of understanding (MOU) on the sale of two CANDU 6 pressurized heavy water reactors, valued at 3.5 billion Canadian dollars (2.6 billion U.S.), for which the Canadian side will provide two thirds of the funding. The remainder of the cost for the two 700 megawatt reactors, to be located at Qinshan in the eastern province of Zhejiang near Shanghai, will be met by the China National Nuclear Corp. (CNNC). Qinshan was the site for China's first 300 megawatt pressurised water reactor (PWR).

Questioned as to the dangers of proliferation posed by the CANDU system, which produces more plutonium than the PWR models, Chretien pointed to the signing Monday of a nuclear cooperation agreement between the two countries which provided for stringent safeguards. "It is clear that the by-products of the deal cannot be used for proliferation," Chretien said. Under the terms of the agreement, nuclear material and equipment must be subject to International Atomic Energy Agency (IAEA) safeguards and used only with adequate physical measures.

Atomic Energy of Canada Ltd. (AECL) chairman Robert Nixon also pointed out the CANDU system "does not produce good weapons material." Nixon said the possibility of selling additional CANDU reactors to the Chinese had been raised "on more than one occasion" during talks with CNNC officials.

The MOU signed Tuesday envisages the eventual sale of the two reactors on a "turnkey basis," with ownership of the plant wholly in the hands of CNNC, and AECL responsible for construction and training staff in operating the plants.

Among the other major deals signed during the Canadian delegation's stay was a three-year cooperation agreement under which Northern Telecom will supply 250 million Canadian dollars' worth of telecommunications equipment to the southern Chinese province of Guangdong.

Quebec-based GEC Alsthom Electromechanical also signed an MOU for a project valued at 360 million Canadian dollars to design, manufacture and install equipment for a hydroelectric plant in northern Qinghai province.

"Clearly, Canada is an important global player in manufacturing and services and China is taking notice," said Chretien, who was also accompanied by the premiers of nine of Canada's 10 provinces.

During talks Monday with Chinese Premier Li Peng and President Jiang Zemin that were dominated by trade issues, Chretien also touched on the subjects of human rights, China's re-entry to the General Agreement on Tariffs and Trade (GATT) and the reversion of Hong Kong to Chinese sovereignty in 1997.

Chretien's delegation leaves for Shanghai on Thursday, before flying on to Hong Kong.

### Canadian Firms To Help in Energy, Forestry Sectors

OW0711170294 Beijing XINHUA in English 1525  
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—Three of Canada's leading engineering companies announced here today that they will set up a joint venture to provide engineering and designing, project management and related services for China's energy market.

The companies are Lavalin International Inc., Agra Industries Ltd and Acres International Ltd.

Meanwhile, Canadian Repap Enterprises Inc. announced the opening of its Beijing office here today. Under the name of "Suncell", Repap becomes the first Canadian forest products company to open an office in China.

Visiting Canadian International Trade Minister Roy MacLaren congratulated the four companies on the occasion.

### Guangdong To Buy Canadian Telecommunications Equipment

OW0711172794 Beijing XINHUA in English 1725  
GMT 7 Nov 94

[FBIS Transcribed Text] Guangzhou, November 7 (XINHUA)—Guangdong Province in south China will import telecommunications equipment worth 200 million U.S. dollars from Canada over the next three years, according to an agreement signed here today.

The agreement, signed between the Guangdong Provincial Posts and Telecommunications Administration, and NT, Northern Telecom of Canada, Guangdong will import from the Canadian company super-large program-controlled exchanges, intelligence networks, gang exchange systems, asynchronous transmission methods, digital microwave synchronous transmission equipment, digital wireless mobile telephone systems and advanced information equipment used on expressways.

The deal is aimed at upgrading the province's telecommunications services and technology, sources said.

## Central Eurasia

### Russian Navy Chief Reveals Cooperation Pacts

HK0811042094 Hong Kong EASTERN EXPRESS in English 8 Nov 94 p 8

[Report on "interview" with Russian Navy Commander Feliks Gromov by N S Repin in Beijing; date not given]

[FBIS Transcribed Text] Russia and China agreed to expand their military cooperation across a broad range of areas during senior level meetings last week, Russia's navy chief has revealed.

In an interview with Eastern Express in Beijing, the Commander-in-Chief of the Russian navy, Feliks Gromov, confirmed that agreements to expand training and technology exchanges between the two navies had been reached despite brewing strategic conflicts.

Gromov met the vice-chairman of the Central Military Commission, Liu Huaqing, and the Commander of the Chinese Navy, Zhang Lianzhong, during his five-day visit.

He also inspected Chinese naval bases in Qingdao, Shandong province, and Shenzhen, and met commanders of the North Sea and South Sea fleets of the People's Liberation Army [PLA] navy.

"The aim of my visit was to get to know China's navy and discuss issues of military-technical co-operation between the two sides," Gromov said.

"I became acquainted with the Chinese navy and was very satisfied with their level of combat readiness," he said.

Gromov said China has accepted Russia's offer to train officers and crews of PLA ships.

Gromov and Zhang agreed Russian officers would come to China, and Chinese officers would go to Russia for training.

Moscow and Beijing decided to continue discussions on the matter to hammer out a formal agreement.

Asked if selling Russian conventional submarines to China was on the cards, Gromov replied that it was premature to disclose anything.

Given the degree of sensitivity over Russia's assistance to Chinese efforts to project their might on the sea—a prospect which sends shivers through the leadership of Vietnam and other smaller countries in the region—one can understand why the Russian admiral was less than eager to elaborate on the substance of the negotiations.

Still, Gromov's intentions during the visit were clear. The cash-strapped Russian navy is ready to supply its expertise and technology to China for hard cash.

The question is: will they be permitted by the Moscow government to make good such deals.

Moscow could hardly afford to ignore Washington's displeasure if it transferred military hardware and technology to China in violation of international agreements or to the detriment of the balance of power in East Asia.

Chinese deliberations are more complex. Their military, ostracised by Washington for the five years after the Tiananmen massacre, had no choice but to approach Russia in search of new weaponry.

The PLA would like to diversify its sources by buying some military technology in the West, especially in the US. But the Chinese top brass are aware that even if they get access to Western technology, it would be more expensive than the Russian version and more difficult to master. They also know that China benefits from economic and managerial disarray in Russia and can more easily get hold of the Russian experts in such sensitive fields as missiles and the nuclear sector.

As a result, links between the Russian and Chinese militaries have continued to expand, especially under the cooperation agreement between the two ministries of defence signed during a visit by Russia's Minister of Defence, Pavel Grachev, to China last year. Under the agreement, whose details remain closely guarded secrets, Russian military experts were to be sent to China for language training in preparation for a technological exchanges.

Asked about the presence of the experts in China, Gromov replied: "We have no experts now. The ones you mention are not from the Ministry of Defence."

Russian military analysts said the sleight of hand—using civilian technicians to conceal military exchanges—was typical of the highly charged Sino-Russian military relationship.

China's purchases of Russian weapons in 1992 were estimated to be US\$1.7bn (HK\$13.26bn [Hong Kong dollars]). A precise figure for 1993 is not available, but well-informed sources said it was close to the same figure. One recent estimate from analysts in Moscow said the total for the two years was between US\$3bn and US\$5bn.

Having acquired Su-27 fighters and B300 surface-to-air missiles, Beijing is now interested in purchasing mid-air refuelling technology and aircraft radars.

Foreign analysts in Beijing say at the moment China is mainly interested in advancing operational capabilities of the PLA on the high seas. But the strategic priorities can change.

Russia and China have still not solved some deep-rooted conflicts.

According to a Russian diplomat, the talks between the two sides concerning confidence-building measures and disengagement of military forces along the border are deadlocked. And no solution can be found to the dispute on the frontier rivers of Amur and Argun, the diplomat

said. China has not abandoned its claims on the three big islands which are under Russian control.

Even more disquieting for Moscow is the infiltration of Chinese citizens to Russia's Far East and Siberia. Not less than 200,000 Chinese have already settled in the region, increasing China's demographic pressure on the sparsely populated part of Russia.

Having these acute problems with the giant neighbour unresolved, it's hardly prudent for Russia to contribute to the growth of Chinese military muscle, analysts say. While co-operation in the military-technical sphere is a source of some financial gain for Russia at the moment, it could cause strategic losses in the future, they say.

### **Railway Agreement To Promote Eurasian Trade**

HK0611063094 Beijing CHINA DAILY in English 5  
Nov 94 p 4

[Article from the "Opinion" page by Wang Xiaozhong: "Railway Deal Will Promote Eurasian Trade"]

[FBIS Transcribed Text] Railways ministers of China, Russia, and the five Central Asian countries—Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan and Tajikistan—signed an agreement late last week after a three-day meeting in Beijing. They agreed "to fully utilize the Eurasian Railway which links these countries" by strengthening co-operation.

The seven governments promised to unify their freight rates, introduce international clearing methods and co-ordinate their transportation plans.

The agreement and its implementation should be a strong stimulus for economic co-operation among these countries, especially since transportation has long been a major barrier to inter-regional trade development.

Being the first of its kind in the region, the agreement marks the beginning of intergovernmental co-operation in boosting regional economic development.

Strengthened regional economic co-operation has become an important development in the world economy. This is evident in the European Union, NAFTA, ASEAN, and quite a few other "growth triangles," as the Asian Development Bank observes.

Some believe the different parts of the Eurasian continent are forming a new international group for growth.

The group would include the five Central Asian countries, Russia, China and Mongolia.

Trade have increased sharply in the region since the early 1990s.

By mainly trading its light industrial products and food for machinery and materials, China became Russia's second biggest trade partner in 1993, with a volume of \$7.7 billion.

Similarly, the Chinese-Mongolia direct trade volume reached \$100 million in 1993, from almost nil before the collapse of the former Soviet Union. China's trade with Uzbekistan jumped to \$172 million in the same year.

This regional co-operation has attracted wider international attention.

A Shanghai-based institute, the Pudong Academy for Development, recently hosted an international symposium focussing on future trade and economic co-operation in the region.

Among the sponsors were the Economics Institute of the Chinese Academy of Social Sciences, the Harvard Institute of Economics and the Asian Development Bank.

Trade officials and economists from China, Russia, Mongolia, Kyrgyzstan, Uzbekistan, and the Organization for Economic Co-operation and Development attended the meeting.

"The economies of these countries are strongly complementary... and their co-operation is far from its potential," said Jeffrey Sachs, a Harvard professor presiding over the meeting.

Further economic co-operation in the region will bring about the rises in living standards which are urgently needed, according to Sachs. More importantly, it could facilitate the countries' ongoing market-oriented reforms, which is part of a world trend.

Due to the former Soviet Union's overindustrialized economic structure and the strict "socialist division of labour" among the Eastern European bloc, most countries in the region fell into economic and financial crisis immediately after the Soviet Union and its satellites collapsed.

Foreign goods, investment and technology are urgently needed to help the new independent states survive their transformation crises and raise people's living standards. It is also vital to facilitate their market-oriented reforms and to incorporate them into the international economic community.

Mongolia, for example, "was almost 100 per cent dependent upon other Eastern bloc countries," according to N. Zolzhargal, president of Mongolia's stock exchange.

"Uzbekistan, as well as all other republics of the former Soviet Union, had minimal involvement in foreign trade operations," said Dourbek Akhmedov, an Uzbek professor. The country used to supply huge amounts of minerals, agricultural products, and chemical and construction materials exclusively to the former Soviet Union.

Even China, by far the most economically developed of the Eurasian group of seven thanks to its 15-year-old economic reforms, needs better links with these countries to develop its backward Northwest.



When China's Central Asian neighbours set up their own foreign trade systems in 1991, inter-regional trade began to boom. It was further spurred when these countries adopted liberal trade policies and offered favourable terms to foreign investors.

With its food and light industry products highly valued by its neighbours, China, in turn, benefited from their machinery and industrial materials. The prospect would be even greater if co-operation could be upgraded with more and higher quality goods exchanged along with mutual direct investment.

In order not to allow the multitude of problems plaguing these countries to hinder economic development, the railway agreement was signed.

However, more teamwork is needed as transportation is only one aspect of the bottleneck hampering inter-regional trade.

According to Sachs, other areas which need attention include the shortage of hard currency for international settlement, lack of adequate transportation and communication, and other conditions for trade, such as easy smoother visa processing for businessmen.

Barter remains the major and favoured form of trade in the region as none of the national currencies are hard. This primary way of trading, as well as the border trade by "tourist merchants" or "shuttlers," cannot meet the demands for a more flexible and larger scale of trading.

Russia's ruble has been plunging in value for years. It is further threatened by the uncertain political and financial crises in that country.

China's yuan is comparatively stable. However, it is not a freely convertible currency.

Various substitutes have been designed and tried, including trading companies setting up special accounts in intermediate countries. However, any new ways of settlement are dependent upon close co-operation among national banks, which is almost empty field so far.

What is worse, no country has an established market system. As a result, trade among them is new and much is done without the observance of rules.

The customs in each country have their own regulations and tariffs.

Businessmen may trade without contracts, or they can simply ignore them because penalties are minimal at best.

The lack of a co-ordinated legal system has resulted in Chinese and Russian businessmen flooding each other's markets with fake and shoddy goods. The end result is to seriously damage bilateral trade.

To closely link the region economically, multilateral negotiations between the policy makers of the region should be held to solve the problems, suggested the participants at the meeting.

The signing of the railway agreement is a hopeful first step. However, much more is needed. In particular, co-operation in crucial fields such as banking and the legal system is necessary.

Once on the road to co-operation, the governments will find it worthwhile. It will not only be the foundation for regional co-operation, but also for its entry into the international economic community.

#### **Qian Qichen Meets Former Soviet Foreign Minister**

*OW0511082194 Beijing XINHUA in English 0732 GMT 5 Nov 94*

[FBIS Transcribed Text] Beijing, November 5 (XINHUA)—China and Russia should cement their relations since the development of the bilateral friendly ties will not only be beneficial to the two countries, but also to the peace and stability of the whole world.

The view was shared by Qian Qichen, Chinese vice-premier and foreign minister, and A. A. Bessmertnykh, foreign minister of the former Soviet Union, in their meeting here today.

They also agreed that though the bilateral trade ties have shrunk temporarily at present due to various reasons, Sino-Russian economic co-operation and trade will surely enjoy normal development through the joint efforts of the two countries.

Qian and Bessmertnykh reviewed the co-operation and exchanges achieved when the latter was foreign minister of the former Soviet Union.

Bessmertnykh briefed Qian on Russia's political and economic situation.

Bessmertnykh and his party are here at the invitation of the Chinese Institute of Foreign Affairs.

#### **Institute Head Meets Former Soviet Foreign Minister**

*OW0311115794 Beijing XINHUA in English 1123 GMT 3 Nov 94*

[FBIS Transcribed Text] Beijing, November 3 (XINHUA)—Liu Shuqing, president of the Chinese People's Institute of Foreign Affairs (CPIFA), held working talks with Alexander Bessmertnykh, president of Foreign Policy Association (Moscow) of Russia, here this afternoon.

This evening, Liu hosted a banquet in honor of Bessmertnykh, former foreign minister of the Soviet Union, and his party, who arrived here earlier today as guest of the CPIFA.



**'Roundup' Views Election Results in Tajikistan**

OW081102C194 Beijing XINHUA in English 0129  
GMT 8 Nov 94

["Roundup": "Presidential Elections in Tajikistan"]

[FBIS Transcribed Text] Moscow, November 7 [date as received] (XINHUA)—The Central Electoral Commission of Tajikistan said on Monday [7 November] that the people had made "the right choice" by electing Emomali Rakhmanov as president.

Speaking at a news conference, Chairman of the Commission Kadriiddin Giyasov [name as received] said 95 percent of the electorate took part in the voting held on Sunday.

According to reports reaching here, he also said that Tajik Parliament Chairman Emomali Rakhmanov had scored a decisive victory, winning 60 percent of the votes.

"People have made the right choice because Emomali Sharipovich Rakhmanov's program meets the vital interests of the people and the republic's drive for democratization," Giyasov said.

According to Giyasov, Rakhmanov's competitor, Tajik Ambassador to Russia Abdumalik Abdullojonov, received only 35 percent of votes.

He noted, however, that the figures were preliminary. The commission will announce the official results at the inauguration ceremony, which is to be held within 10 days after the election.

Giyasov said that, on the whole, the elections had gone smoothly. Twenty-three observers from the Commonwealth of Independent States (CIS) described the presidential elections and the referendum on the draft constitution held on Sunday as "free and democratic."

The Tajik opposition, however, has refused to recognize the results of the elections and the referendum. One of the opposition leaders, Khodzhiarbar Turadzhonzoda [name as received], told reporters that "the election of Rakhmanov will not bring peace to Tajikistan and will only worsen the crisis" in the republic.

He said about one third of eligible voters had left the country, with about 840,000 Tajik refugees currently in CIS countries and another 60,000 in Afghanistan. Rakhmanov owed his victory to his armed forces, Turadzhonzoda emphasized.

Turadzhonzoda, who led the opposition delegation to the last two rounds of the intra-Tajik talks, emphasized that, while the outcome of the elections "does not make any difference to the opposition," the opposition will continue the talks with the authorities.

**Northeast Asia****Li Peng Meets Japanese Economic Official**

OW0711165994 Beijing XINHUA in English 1455  
GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (XINHUA)—Chinese Premier Li Peng met with Gaishi Hiraiwa, honorary chairman of the Japan Federation of Economic Organizations and advisor to the Tokyo Electric Power Company, and his party here this afternoon.

During the meeting Li said that China's demand for electric power is huge, and that co-operation between China and Japan in this field enjoys a good future.

Calling him the doyen of Japan's industrial circles, Premier Li said that Hiraiwa has made valuable contributions to Sino-Japanese friendly relations, especially in bilateral co-operation in the electric power industry.

Li said that the Tokyo Electric Power Company, one of first Japanese companies to conduct co-operation with China, has trained a large number of managers and technicians for China in the electric power industry, and that China has achieved good results by learning from the company's management experience.

Hiraiwa said that he has paid close attention to the co-operation between China and the Tokyo Electric Power Company, and that he is willing to continue to make efforts for the promotion of Japan-China friendship as well as the co-operation in the electric power industry between the two countries.

Shi Dazhen, minister of the electric power industry, was present at the meeting.

**ROK Businessmen Invest Heavily in Mainland**

HK0811053294 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1037 GMT 3 Nov 94

[By reporter Lin Ying (2651 7751)]

[FBIS Translated Text] Hong Kong, 3 Nov (ZHONGGUO TONGXUN SHE)—In the last two years since China and the ROK established diplomatic relations, considerable progress has been made in various fields of endeavor and, particularly, economic cooperation has witnessed the fastest growth. By the second half of this year, the ROK enterprises had invested nearly \$3 billion in 3,579 projects. The ROK's current investment in the Chinese mainland accounts for more than 50 percent of its total overseas investment thus, the Chinese mainland occupies first place in ROK overseas investment. Chinese Premier Li Peng led a huge government delegation to visit the ROK and signed a "Civil Aviation Agreement," an "Agreement on Peaceful Utilization of Nuclear Energy," and a "Memorandum of Understanding on the Development of Civil Passenger Planes." This shows that the economic and technological cooperation between China and the ROK has been

further enhanced and the enthusiasm of the ROK businessmen for investment in the Chinese mainland will run higher.

Indirect investment by ROK enterprises in the Chinese mainland began in 1985 and the investment had a late takeoff and developed slowly. However, after China and the ROK established diplomatic relations in August 1992, an "investment craze" spread immediately. According to statistics, by the end of June this year, of the \$2.97-billion worth of contracts signed by the ROK businessmen and the Chinese mainland, \$1.37 billion has been secured and is available for disposal and the ROK thus ranks first among countries investing in the mainland in terms of real capital input rate. In terms of projects, their investment has gradually shifted from medium and small enterprises, making shoes and manufacturing fiber and metal products, to technology-intensive and resource-development-type large enterprises in such fields as the electronics, cement, motor vehicles, iron and steel, and petrochemical industries. In terms of region, their investment has gradually expanded from the adjacent Bohai Rim region such as Liaoning, Jilin, and Shandong Provinces, to the provinces and cities in north, central, and south China. At first, the ROK enterprises developed individual enterprises but they have now developed industrial parks for special purposes.

In the last few years, the ROK's noted financial groups such as Hyundai, Daewoo, Goldstar, and Samsung in turn have made huge investments to run enterprises in the provinces and cities of the Bohai Rim region, also getting involved in relatively large cooperative projects. For example, the Hyundai Group and the Jilin Provincial Chemical Industrial Corporation signed a contract to import the group's ethylene engineering equipment with a capacity of 300,000 tonne annually; the Daewoo Group and the Changchun First Automobile Works signed a cooperative project to make autos, with the former investing \$750 million; the Goldstar Group invested \$400 million to run an electronic components plant in Jilin Province; and the Hyundai Group became involved in the construction of the Changchun Underground Railroad with an investment of \$200 million. Recently, the ROK's So An Construction Company and Dalian's Sanli Enterprise Company joined hands to develop a ROK Industrial Park, one square km in area, in Dalian City's Jinzhou District and 100 ROK enterprises will run factories in the park in two years time as planned.

Shandong Province, which is situated in the Jiaodong Peninsula, is a hot point of investment for the ROK businessmen and, so far, nearly 300 ROK companies are running enterprises in the province, with their investment totaling \$800 million. For example, a ROK businessman invested \$3 million to run a cement plant in Shandong Province and the ROK's Yong Po Company and Shandong's Taishan Iron and Steel Plant signed a contract for a \$50-million tinplate production project.

Recently, the government of Kyongsang-namdo Province in the ROK joined hands with Shandong to construct a "Special Shandong-Kyongsang-Namdo Industrial Park" separately in Weihai and Qingdao Cities, with a total development space area of 1.65 square km and the first-phase investment amounted to \$200 million. At present, 30 ROK enterprises have signed contracts for entry to the special industrial park for development of an entire area.

Since the beginning of this year, the investment by ROK businessmen has expanded to such regions as north, central, and south China. They have invested in relatively large projects. For example, the Samsung Group invested \$50 million to run a VCR plant in Tianjin; the Goldstar Group invested \$100 million to set up a color TV plant in Hunan; and the Sunkyoung Group set up an autoworks and oil refinery in Guangdong with a total investment of over \$100 million. It has been reported that the Samsung Electro-Mechanics Company has recently decided to invest \$3 billion to set up a 1.6-million-square-meter electronic and compound chemical industrial park in Tianjin in the coming 20 years, which will adopt a flow- process production system ranging from research and development to basic materials, manufacturing, and assembling component parts, to specially produce home appliances and electronic machinery, which will employ 30,000 workers.

It has been reported that a few days ago, the Chinese Government and the ROK signed a Memorandum of Understanding on Joint Civil Aviation Development, under which both sides will invest \$600 million each to jointly develop a 100-seat medium-sized passenger plane. At the same time, the governments of the two countries also agreed to carry out extensive cooperation, in the days to come, in areas such as motor vehicles, electronics, program-controlled switchboards, mechanical automation, textile industry, and high-resolution TV. It can thus be anticipated that, in the years to come, the ROK businessmen will set off a more vigorous upsurge in investment in the Chinese mainland.

#### Article Views Li Peng's ROK Visit Significance

HK0811053594 Hong Kong WEN WEI PO in Chinese  
6 Nov 94 p A2

["Special article" from Seoul by staff special reporter Wang Sung (3769 2646), dated 5 November: "The Significance of Li Peng's Visit to the ROK Viewed From Two Angles"]

[FBIS Translated Text] Premier Li Peng concluded his five-day official visit to the ROK yesterday. The premier was quoted as saying that his current visit was a success.

The ROK's main news media, such as CHOSUN ILBO, DONG-A ILBO, JOONG-ANG ILBO, the English-language KOREA TIMES and KOREA HERALD, the Korean Broadcasting System, the Dong-A Broadcasting System, and the four major international news agencies



stationed in Seoul front-paged Premier Li Peng's visit to the ROK under banner headlines or reported the visit in their prime-time programs. Overall, the news media held that Li Peng's current visit had both political and economic significance.

#### **The Significance Viewed From the Political Aspect**

First of all, let us view the significance of the visit from the political aspect. Prior to Premier Li Peng's visit to the ROK, two unexpected important events took place on the Korean peninsula. In July this year, when the top leaders of both the north and the south of the peninsula were about to meet, DPRK President Kim Il-sung suddenly died of illness, and on 11 October, when the DPRK-U.S. nuclear negotiations were universally reported by the media to have reached an impasse, the two countries swiftly reached a framework agreement on the Korean peninsular nuclear issue. It seemed that the situation on the peninsula, which was once tense and unclear, had eased. Nevertheless, because of the national interests of the countries concerned, the situation remains complex.

Although the DPRK and the United States reached a framework agreement, there are some contradictions between the two countries. According to Reuter's News Agency, before the framework agreement was reached, the United States had not informed its ally—the ROK—of the date and the specific contents of the agreement, and it was only after the agreement was signed that U.S. Representative Robert Gallucci made an explanation to Seoul. The ROK had veiled criticism of this U.S. handling of things. Immediately after the explanation, Han Sung-chu, ROK minister of foreign affairs, made a speech pointing out that China had played "a crucial role" in promoting the reaching of an agreement by the United States and the DPRK. Newspapers here believed that Mr Han's remarks were aimed at diluting, to a certain extent, the tendency of the United States "shutting out the heavens with one hand."

#### **The ROK Was Left Out in the Cold**

Both the North and the South of the Korean peninsula should have held a high-level dialogue or become directly involved in multilateral talks. Nevertheless, on the issue of the DPRK-U.S. framework agreement, the two parties involved in the talks were the DPRK and the United States. As a party which had a direct interest in the issue, the ROK felt left out in the cold. It was not at all strange that Han Sung-chu remarked that the U.S.-DPRK framework agreement just met the ROK's "minimum demands." The ROK hoped that the south and the north would resume direct dialogue between high-level officials and even top leaders.

After the conclusion of the framework agreement, people are faced with a serious subject: How to implement the agreement, how to raise the required \$4 billion with which to build the light-water reactors, and how to handle the 8,000 nuclear fuel rods. China has been a

friendly neighbor of the DPRK for nearly a half a century and is also the only country which has diplomatic relations with the other three parties (North Korea, South Korea, and the United States). China's position is extremely unique. It is only natural that its attitude, views, and stand on the issue attract people's attention. Therefore, the media maintained that this was where the political significance of Premier Li Peng's visit to the ROK lay. On the issue of implementing the DPRK-U.S. agreement, Kim Yong-sam hoped that China would continue to play "a constructive role." Li Peng said that the Chinese Government wholeheartedly hoped for and supported the implementation of the agreement and stated for the first time: The Chinese Government will support the implementation of the agreement in its own way commensurate with China's national conditions. This shows that the two countries have a positive theme on the direction of the difficult problem of the agreement's implementation.

#### **China Puts Forth a New Idea Concerning a Peace Mechanism**

In safeguarding the hard-won situation of detente on the Korean peninsula, China was the first to propose replacing the Korean peninsula armistice agreement, which has been in place for more than 40 years, with a "new peace mechanism" so as to guarantee the peninsula's long-term peace and stability. Although the specific contents of this new peace mechanism are being explored, China has drawn a rough outline of it. Just as Premier Li Peng stated: This peace mechanism must involve interested parties, including the DPRK and the ROK. Hence, China publicly stated for the first time: China supports the south and the north in holding not only bilateral but also multilateral talks. This helped free the ROK from worries and misgivings.

The Chinese attitude toward the two issues mentioned above is of crucial importance to the development of the Korean peninsula. It can thus be said that the meeting between Premier Li Peng and President Kim Yong-sam reached a consensus of view to a certain extent, although there remains a gap in understanding on some issues. However, just as both leaders said, Premier Li Peng's current visit is of great importance in safeguarding the Korean peninsula's peace and stability.

#### **The Significance Viewed From the Economic Aspect**

Let us view the significance of the visit from the economic aspect. Although just two years or so have elapsed since China and the ROK established diplomatic relations, bilateral trade has grown at an amazing speed. In 1993, the volume of bilateral direct trade was \$9.8 billion, an increase of 64 percent from 1992. According to the estimate of Kim Sang-ha, chairman of the ROK Association of Businessmen and Industrialists and the ROK-China Nongovernmental Economic Association, the total volume of bilateral trade is expected to exceed the \$13-billion mark this year. China has swiftly become the ROK's third-largest trading partner and the latter has

become the former's fifth-largest trading partner. In terms of investment, by the end of June this year, the ROK Government had approved 1,543 investment projects in China, with a total investment of \$1.308 billion. China has become the place of first choice for ROK overseas investment. The rapid development of economic and trade cooperation relations between China and the ROK has exceeded people's expectations. As Kim Chol-su, ROK minister of commerce, industry, trade, and resources, said, the development is "unprecedented."

However, with respect to investment in China, the ROK mainly concentrates on labor-intensive industries such as fiber manufacture, shoe manufacture, and metals, and its investment structure is primary. Moreover, over 80 percent of its investment is concentrated in the Bohai area in northeast China. These factors stand in the way of the further development of the economic cooperation and trade between the two countries.

Economically, China and the ROK are at two different stages of development and are strongly complementary to each other. China has reached international levels in some high-tech and basic research fields such as aviation, aerospace, bioengineering, and inorganic chemistry, whereas, as a newly industrialized country, the ROK is becoming a world leader in the iron and steel, shipbuilding, electronics, and petrochemical industries. The two countries can cooperate over a very wide scope. Therefore, in his written speech upon his arrival at Seoul Airport, Premier Li Peng said that his trip would serve an extensive exchange of views on the further development of relations between the two countries and on the promotion of cooperation in the economic field in particular.

### Three Days of Visits to Big Corporations

During the trip, the Chinese and ROK Governments signed two agreements and a memorandum of understanding, namely the Aviation Agreement, the Agreement on the Peaceful Use of Nuclear Energy, and the Memorandum of Understanding on Joint Research on Civilian Technology. Premier Li Peng clearly proposed the strengthening of cooperation in four areas, namely the auto industry, airplane building, program-controlled switchboards, and high-definition color television. In this way, Sino-ROK economic cooperation will be elevated to the plane of various industries and high technology. It is no exaggeration to say that this is a turning point for Sino-ROK cooperation. ROK President Kim Yong-sam totally agreed with this view. During his visit to China in March last year, Kim Yong-sam proposed setting up the "Bilateral Industrial Committee." Premier Li Peng described the two agreements and one memorandum between China and the ROK as the "most important fruits" of his trip.

During his five-day trip, Premier Li Peng spent three days visiting various big ROK corporations. Premier Li Peng answered reporters' questions without concealing

his intentions when he said that he intended to promote cooperation in industry and high technology between the two countries and, at the same time, to seek partners for China for future industrial cooperation. This was the first time that a supreme executive head of China clearly advocated seeking cooperation partners for Chinese enterprises and practiced what he had advocated. No wonder both the Chinese and ROK Governments stressed the economic significance of Premier Li Peng's ROK visit.

All in all, Premier Li Peng's ROK visit, one can say, has achieved the anticipated results politically and economically.

### Inner Mongolia Chairman Receives Mongolian Envoy

SK0511091094 Hohhot Inner Mongolia People's Radio Network in Mandarin 1100 GMT 4 Nov 94

[FBIS Translated Text] On the morning of 4 November, at the auditorium of the Inner Mongolian Autonomous Regional Government, Chairman Wu Liji and Vice Chairman Lin Yongsan met with Mr. (Dawa Duchdyudan), new consul general of the General Consulate of the State of Mongolia stationed in Hohhot, and his entourage. On behalf of the regional government, Wu Liji welcomed the new consul general upon his arrival and wished him smooth work and good health within his tenure of office.

Wu Liji said: China and Mongolia are good neighbors linked by same mountains and rivers. Over the past 45 years since the establishment of diplomatic ties between China and Mongolia, there have been some complications between the two countries due to historical reasons. However, we are glad to see that in recent years, leaders of the two countries have visited each other continuously, personnel of various levels have contacted each other frequently, mutual understanding and confidence has been deepened with each passing day, and the exchanges and cooperation in various spheres have witnessed gratifying progress, thus having brought about great benefits to the two countries as well as to their peoples. This past April, Premier Li Peng paid a visit to your country, and I accompanied him on that visit. During Premier Li Peng's visit to your country, China and Mongolia signed a new treaty on friendly cooperation relations, thereby opening a new chapter in the annals of relations between the two countries. The Chinese Government has paid high attention to the relations with the state of Mongolia and is willing to create, together with the Mongolian Government long-term good-neighborly and friendly cooperation relations that will march towards the 21st century.

Wu Liji said: The former group of consuls and officials of the Mongolian General Consulate stationed in Hohhot cooperated with us very happily. They did a fruitful job in serving as matchmakers in promoting the relations between China and Mongolia and particularly



in promoting the cooperation and contacts between the Inner Mongolia Autonomous Region and the state of Mongolia. We express our sincere thanks to them. We believe that new consuls and officials of the consulate will closely cooperate with us and will coordinate with us in an even better manner. We hope that you will make positive contributions to promoting the friendly cooperation relations between China and Mongolia, in particular, the cooperation and exchanges between the Inner Mongolia Autonomous Region and the State of Mongolia.

Also attending the reception were (Liu Yiru), secretary general of the regional government, and Wang Guoshi, deputy secretary general of the regional government and director of the foreign affairs office. Mr. (Dawa Duchdypudan), new consul general of the Mongolian General Consulate stationed in Hohhot, arrived in Hohhot on the evening of 3 November.

#### **Fourth Aid-Mongolia Meeting To Be Held in Tokyo**

OW0711121394 Beijing XINHUA in English  
0828 GMT 7 Nov 94

[FBIS Transcribed Text] Ulaanbaatar, November 7 (XINHUA)—A Mongolian Government delegation headed by Deputy Prime Minister C. Purebdorj has left for Tokyo to attend the fourth aid-Mongolia meeting to be held on November 8.

The two-day meeting, jointly organized by Japanese Government and the World Bank, will be attended by over 20 donor countries and international organizations.

The Mongolian delegation will deliver four reports and a development plan to the meeting concerning the economic progress and tasks in the Mongolian economic construction. Mongolia will ask the meeting to help it with assistance, to give it financial support and raise funds for its development plan.

Such meeting has been held once a year since 1991. Up to now, nearly 500 million U.S. dollars have been raised for Mongolia as low-interest loans and gratuitous aid.

#### **Southeast Asia & Pacific**

##### **Jiang Zemin Leaves for Asian Tour, APEC Summit**

OW0811020094 Beijing XINHUA in English 0151  
GMT 8 Nov 94

[FBIS Transcribed Text] Beijing, November 8 (XINHUA)—Chinese President Jiang Zemin left here this morning for a two-week Asian tour of Singapore, Malaysia, Indonesia and Vietnam. During the tour, Jiang will also attend an informal meeting of the leaders of the Asia-Pacific Economic Cooperation, to be held in Indonesia from November 15.

#### **Further on Departure**

OW0811104894 Beijing XINHUA Domestic Service in Chinese 0645 GMT 8 Nov 94

[FBIS Translated Text] Beijing, November 8 (XINHUA)—Chinese President Jiang Zemin left here this morning for a two-week Asian tour of Singapore, Malaysia, Indonesia and Vietnam.

During the tour, Jiang will also attend an informal meeting of the leaders of the Asia-Pacific Economic Cooperation (APEC), to be held Indonesia from November 15.

Addressing a press conference at the Great Hall of the People before departure, Jiang said that during his visit, he will discuss issues concerning bilateral relations facing the next century with leaders of the four countries, in the spirit of enhancing understanding, strengthening friendship, promoting cooperation and developing good-neighborly relations.

The president expressed his hope that his current visit will play a positive role in the promotion of peace, stability, prosperity and development of the region and the world at large.

Jiang said that this is his second time to attend the informal meeting of the leaders of APEC, and he is scheduled to meet with leaders of the countries concerned.

Answering a question on the issue of the Korean peninsula, Jiang said that Chinese Premier Li Peng has just returned from the Republic of Korea, and China's policy toward the peninsula remains unchanged.

China will, as always, support the denuclearization of the peninsula, safeguard its peace and stability, support dialogues between the North and South, and the peaceful reunification of the peninsula, he added.

On China's relations with Singapore, President Jiang said that the joint project on building the Suzhou industrial park of the two countries has been going smoothly, and that the economies of the two countries are mutually complementary with a great potential and broad prospects for future cooperation.

In addition to economic cooperation, Jiang said, China hopes to have cooperation with Singapore in other fields as well, including scientific and technological cooperation.

Touching on the Taiwan issue, the Chinese president said that China's stand toward the issue is consistent, adding that the issue of Taiwan is China's internal affair, and that it is a question of political importance and an issue of basic principle concerning China's sovereignty and territorial integrity, which no foreign country is allowed to interfere with.

Jiang said, China asks the United States to abide by the principles in the three Sino-U.S. joint communiques,

and Japan to act under the principles in the Sino-Japanese joint declaration and the treaty of peace and friendship between the two countries.

On the issue concerning Nansha Islands [Spratly], President Jiang said that the purpose of his visit to the four nations is to develop good-neighborly relations, and that China's position on the Nansha issue is clear, that is, disputes should be solved through friendly consultation.

On a question regarding the realization of free trade in the Asia-Pacific region in the year 2020, the Chinese president said that China is working for its economic development, and that it needs a fair, reasonable, stable and open environment for investment and trade.

China supports the idea that the APEC sets the realization of free trade in the Asia-Pacific region as a long-term target, Jiang said, adding that the timetable for the achievement of such a target should be flexible due to the diversity of nations in the region.

Among those seeing the president and his party off at the Great Hall of the People this morning were Chinese Premier Li Peng, Vice-Chairman Liu Huaqing of the Central Military Commission, member of the Standing Committee of the Political Bureau of the Communist Party of China Central Committee Hu Jintao, Chinese Vice-President Rong Yiren.

Those who saw the president and his party off at the Great Hall of the People also included Tian Jiyun, vice chairman of the National People's Congress Standing Committee; Luo Gan, state councillor and secretary general of the State Council; Yang Dezhong, deputy director of the CPC Central Committee General Office; Tian Zengpei, vice foreign minister; Teng Wensheng, deputy director of the Central Policy Research Center; Xu Penghang, vice minister of the State Economic and Trade Commission; Liu Shanzai, vice minister of foreign trade and economic cooperation; and Xia Daosheng, deputy director of the State Council External Affairs Office.

Indonesian ambassador to China, as well as the charges d'affaires ad interim of Singapore, Malaysia, and Vietnam in China also saw the president and his party off at the Great Hall of the People.

Those who left Beijing on the same plane to accompany Jiang Zemin on his current visit were Qian Qichen, vice premier of the State Council and foreign minister; Wen Jiabao, alternate member of the CPC Central Committee Political Bureau and member of the CPC Central Committee Secretariat; special assistant Zeng Qinghong; Wang Zhongyu, minister of the State Economic and Trade Commission; Wu Yi, minister of foreign trade and economic cooperation; special assistant Wang Weicheng; special assistant Shu Huaide; and Vice Foreign Minister Tang Jiaxuan.

### Jiang Zemin Arrives in Singapore

OW0811101594 Beijing XINHUA in English 0948  
GMT 8 Nov 94

[FBIS Transcribed Text] Singapore, November 8 (XINHUA)—Chinese President Jiang Zemin arrived here this afternoon at the start of a three-day state visit to Singapore, the first leg of his four-nation tour.

President Jiang will also visit Malaysia, Indonesia and Vietnam.

While in Indonesia, Jiang will attend an informal leadership conference of the Asia-Pacific Economic Cooperation (APEC) forum scheduled for November 15 in Bogor near Jakarta.

### Further on Singapore Arrival

OW0811120694 Beijing XINHUA in English 1151  
GMT 8 Nov 94

[FBIS Transcribed Text] Singapore, November 8 (XINHUA)—Chinese President Jiang Zemin said here today that he hopes his state visit to Singapore will help deepen the understanding and friendship between the two countries.

In an arrival written speech at the airport, the Chinese president expressed the hope that his visit will help "push our friendly relations and cooperation forward to a new broader vista."

Jiang said that during his stay here, he will exchange views with Singaporean leaders on bilateral relations as well as regional and international issues.

Jiang said the friendly relations and cooperation between China and Singapore have developed by leaps and bounds since the establishment of diplomatic ties between the two countries in 1990.

"Leaders of our two countries have frequently exchanged visits, our bilateral economic and trade cooperation has been productive and the exchanges between us in the scientific, cultural and other fields have also been busy and buoyant," said the Chinese president.

He also said "the traditional friendship between our two peoples has grown in strength and developed further under the new historical conditions."

Jiang's current three-day visit is his first to Singapore as the Chinese president. Singapore is the first leg of his four-nation Asian tour, which will also take him to Malaysia, Indonesia and Vietnam.

While in Indonesia, the president will attend an informal leadership conference of the Asia-Pacific Economic Cooperation (APEC) forum, scheduled to be held in Bogor near Jakarta on November 15.

### Wu Yi Interviewed on Eve of APEC Meeting

OW0811092294 Beijing XINHUA in English 0908  
GMT 8 Nov 94

[FBIS Transcribed Text] Beijing, November 8 (XINHUA)—Wu Yi, minister of foreign trade and economic

cooperation, said that China supports the idea of a long-term plan for the members of the Asia-Pacific Economic Cooperation forum (APEC) to realize free trade in the region.

But such a plan should conform with the principle of regional openness and should promote global trade liberalization, Wu said in an interview published today in the leading Chinese newspaper "PEOPLE'S DAILY".

She emphasized that the free trade process in the Asia-Pacific region should not be implemented too quickly or with too high a starting point.

Wu said that for the present, APEC members should focus on realizing free trade in commodities, before moving on to the service industries and investment and trade in technology, if the conditions permit.

She also said that China supports the drawing up by APEC members of a timetable for realizing free trade in the long term, so long as the timetable is flexible.

She said APEC members should first agree on the definition of free trade, the connotation and scope of regional liberalization of trade, as well as their basic principles, before deciding on their aims and drawing up a timetable.

She said China believes APEC should adhere to two main principles when trying to realize regional free trade:

- APEC members should abide by the principles of equality and mutual benefit, assign one another mutually and unconditionally the status of most-favored trading partner, and avoid prejudicial practices in trade.
- The diversity of the different economies in the region, particularly differences in the level of economic development, must be taken into full consideration. Therefore, when working out criteria for free trade and the timetable for its realization, the difficulties and specific needs of those APEC members belonging to the developing world should be taken into account.

The minister gave the interview on the eve of the APEC ministerial meeting to be held on November 11 and 12, and the informal meeting of the leaders of APEC members on November 15, both in Indonesia.

#### Further on Wu Yi's Interview

OW0811114994 Beijing XINHUA in English 1122  
GMT 8 Nov 94

[FBIS Transcribed Text] Beijing, November 8 (XINHUA)—Chinese Minister of Foreign Trade and Economic Cooperation Wu Yi has rejected an allegation that China is an obstacle to the adoption by the Asia Pacific Economic Cooperation (APEC) forum of the goal of and a timetable for liberalizing trade in the region.

In an interview published in today's PEOPLE'S DAILY, Wu said that the allegation was at least based on misunderstanding, if there were no ulterior motives.

A foreign media organization said recently that China is an obstacle to the adoption by APEC of the goal of and a timetable for liberalizing trade in the Asia-Pacific region on the ground that China has made its adoption conditional on the country's re-entry into the General Agreement on Tariffs and Trade (GATT).

"China favors the promotion of liberalized trade in the region and agrees to set a long-term goal for trade liberalization, but the realization of such a goal should be based on the unconditional mutual treatment of one another as most-favored trading partners by APEC members," Wu said.

"The promotion of so-called trade liberalization based on prejudice and in an unpredictable trade environment contradicts the principles of equality and mutual benefit," she explained.

On China's GATT re-entry, Wu said, "I would like to state clearly that we are asking APEC to offer sincere support for China's efforts to re-enter GATT." "As China is a major trading power in the Asia-Pacific region and the whole world, the country's early GATT re-entry will undoubtedly be beneficial to the strengthening of a multi-lateral trade system, to the effective functioning of the future World Trade Organization and to the promotion of trade liberalization in the Asia-Pacific region, which is in line with the principles of GATT," the minister said.

"Without GATT re-entry, China cannot assume obligations under a global trade system which are generally commensurate with its rights. The obligations include those to ratify and implement the relevant agreements of the Uruguay Round of negotiations.

"That would not only compromise the universality of the global multi-lateral trade system, but would also affect China's full implementation of a program of trade liberalization in the Asia-Pacific region.

"Therefore, China's early GATT re-entry will bring benefits to all her trading partners and will be beneficial to the early liberalization of trade in the Asia-Pacific region," Wu concluded.

Wu is to attend the sixth APEC ministerial meeting scheduled to be held in Indonesia on November 11 and 12.

#### Dissident's Wife Appeals to APEC Forum Leaders

HK0811095494 Hong Kong AFP in English 0924 GMT  
8 Nov 94

[FBIS Transcribed Text] Beijing, Nov 8 (AFP)—The wife of a Shanghai dissident sentenced to three years in



a re-education camp appealed to leaders of the Asia-Pacific Economic Cooperation (APEC) forum on Tuesday to help China's prisoners of opinion.

"I call on all dissidents to be released, and I hope that the APEC meeting, and the talks between (Chinese President) Jiang Zemin and (U.S. President) Bill Clinton will help to influence the Chinese government," Li Guoping said by phone.

Li's husband, Yang Zhou, 50, is spokesman of the Chinese Human Rights Association. He was arrested this year in a clampdown on dissent in Shanghai. Most of those arrested have been sentenced to three years in a "reform through education" camp.

Clinton and Jiang are to meet on the sidelines of the APEC summit which will be held in Bogor, near Jakarta, on November 15.

Li welcomed the release of eight dissidents, including four Tibetans, which was announced on Sunday by the official news agency XINHUA. She said she hoped the APEC summit would "lead to other good news."

"The release of the eight dissidents is probably linked to this meeting and China's desire to rejoin GATT (the General Agreement on Tariffs and Trade) by the end of the year," she said. "The human rights situation in China depends greatly on the international environment."

Chinese foreign ministry spokesman Shen Guofang said Monday the release of the eight had "nothing to do" with the APEC summit, the Jiang-Clinton meeting or the present visit to China by Canadian Prime Minister Jean Chretien.

"The judicial departments decide whether to release prisoners according to the law, and not on the basis of visits by premiers and presidents," he asserted.

**Australian Parliament Leaders Meet Qiao Shi**  
OW0711171994 Beijing XINHUA in English 1659  
GMT 7 Nov 94

[FBIS Transcribed Text] Canberra, November 7 (XINHUA)—The leaders of both houses of the Australian

Federal Parliament met here today with and hosted a reception and luncheon for Qiao Shi, the visiting chairman of the National People's Congress (NPC) of China.

At the 20-minute meeting, speaker of the House of Representatives Stephen Martin expressed his welcome to Qiao and said that the relations between Australia and China are very close and they have been strengthened precisely through visits such as that being paid to Australia by Chairman Qiao.

He believed that the chairman's visit will be successful and will surely serve to further boost the two countries' relations.

Qiao, for his part, hoped that his current visit will strengthen the friendly relations between the two countries, the two peoples and the NPC and the Australian parliament.

After the meeting, Speaker Martin and President of the Senate Michael Beahan hosted for Chairman Qiao a reception, which was attended by leading members of Qiao's entourage and more than 70 Australian members of parliament from all over the country.

In a written statement released at the reception, Qiao noted that increased friendly contacts, visits, mutual understanding and friendship between the NPC and the Australian parliament have contributed to the productive cooperation between the two countries.

He pointed out that both China and Australia are Asia-Pacific countries. "There is no conflict of fundamental interests between us," he declared, adding that the two countries share extensive common interests and a common goal of preserving peace and stability in the Asia-Pacific region and each of the two economies has its own advantages and there is a broad prospect for cooperation.

"There is every reason for us to be equal partners and live in long-term amity," he said.

Qiao later attended a luncheon hosted by the speaker and president and watched the debate at the Australian Senate.

**Political & Social****State Council Reappoints Administrative Personnel**

*OW0811104394 Beijing XINHUA Domestic Service in Chinese 0737 GMT 8 Nov 94*

[FBIS Translated Text] Beijing, 8 Nov (XINHUA)—The State Council recently appointed and removed a number of state administrative personnel.

It appointed Zhou Deqiang [0719 1795 1730] as vice minister of Posts and Telecommunications; Zhang Weiqing [vice governor of Shanxi Province] as vice minister in charge of the State Family Planning Commission; Wang Zhongfu [3769 5883 1318] as director of the State Administration for Industry and Commerce; Li Haifeng (female) [vice governor of Hebei Province] and Zhang Weichao [Consul General in New York] as deputy directors of the State Council Office of Overseas Chinese Affairs; Deng Hongxun [member of the CPC Central Committee] as deputy director (ministerial level) of the Research and Development Center of the State Council; Gao Qiufu [deputy editor-in-chief of XINHUA NEWS AGENCY] as vice president of XINHUA NEWS AGENCY; Xu Guanhua [1776 0385 5478] as vice president of the Chinese Academy of Sciences; and Wu Jianchang [vice president of China National Nonferrous Metals Industry Corporation] as president of the China National Nonferrous Metals Industry Corporation.

It removed Zhu Gaofeng from the post of vice minister of posts and telecommunications; Liu Minxue from the post of director of the State Administration for Industry and Commerce; Li Xinghao and Chen Baigao from the posts of deputy directors of the State Council Office of Overseas Chinese Affairs; Pang Bingan from the post of vice president of XINHUA NEWS AGENCY; Wang Fosong from the post of vice president of the Chinese Academy of Sciences; and Fei Ziwen from the post of president of the China National Nonferrous Metals Industry Corporation.

**Vice President Rong Yiren Returns to Beijing**

*OW0411133094 Beijing XINHUA in English 1301 GMT 4 Nov 94*

[FBIS Transcribed Text] Beijing, November 4 (XINHUA)—Chinese Vice-President Rong Yiren and his wife Yang Jianqing concluded an eight-day official visit to Japan and returned here this evening.

Rong's entourage, including Vice-Minister of the State Planning Commission Guo Shuyan, Vice-Minister of the State Economic and Trade Commission Xu Penghang, Vice-Mayor of Shanghai Xie Lijuan, and Vice-Governor of Liaoning Province Cong Zhenglong, came back here by the same plane.

Vice-Premier Zou Jiahua and Vice-Chairwoman of the Standing Committee of the National People's Congress Chen Muhua greeted Rong and his party at the Great Hall of the People.

Minister Shuji Shimokoji from the Japanese Embassy here was also present at the ceremony.

**Minister Inspects Henan Personnel Management**

*HK0811054894 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 5 Nov 94*

[FBIS Translated Text] While inspecting personnel work in Henan from 21 to 23 October, Minister of Personnel Song Defu stressed that personnel work must focus on economic construction and that a personnel management system must be formed which corresponds with the socialist market economic structure.

While in Henan, Song Defu, accompanied by Governor Ma Zhongchen, inspected personnel work in the Zhengzhou City Personnel Bureau, the Zhengzhou City No. 2 Emery Wheel Factory, Zhongmou County, and the Zhengzhou Hi-tech Development Zone. He also listened to a work report by the provincial personnel department and inspected a provincial training center and the provincial personnel-exchange market. While inspecting cadre and personnel system reform in Zhongmou County, Song Defu pointed out: Zhongmou County's experience in cadre and personnel system reform is very good. In particular, its experience in promoting new personnel and the rotational system can be popularized to larger fields. A conscientious study must be carried out on how to converge local personnel system reform with the introduction of the civil service system.

After listening to a report by the provincial personnel department, Song Defu said: Personnel work must focus on economic construction. Only in this way will personnel work have vitality, vigor, prospects, and a position. In this respect, Henan Province has done a great deal in personnel work, has clear guidelines, has correct ideas for work, and has produced outstanding results. Personnel system reform is aimed at establishing a personnel management system which corresponds with the socialist market economic structure. Efforts must be made to establish three systems and three structures. These three systems are: A classified personnel management system, a scientific and rational salary distribution system, and a multitier social insurance system. The three structures are: A personnel macromanagement structure, a personnel-exchange market structure, and a personnel regulations structure. This will cause personnel work to better serve reform, opening up, and economic construction. In addition, an old age pension system must also be established in institutions and offices according to the State Council's work arrangements.

**Chen Junsheng Prefaces Civil Service Tome**

*HK0711075694 Beijing GUANGMING RIBAO in Chinese 30 Sep 94 p 5*

[Article by state councillor Chen Junsheng: "Preface to *Encyclopedia of the Civil Service of the Chinese Government*"]

[FBIS Translated Text] What I am writing here is intended as an introduction to the aim and main contents of the book that it prefaces.

Since states and governments emerged as political structures in human society, the administration of government affairs has become an important area of learning. The passage of time has witnessed continuous improvement, evolution, enrichment, and development of the art of administering government affairs alongside the changes of state powers and governments.

In his book *The Origins of the Family, Private Property, and the State*, Engels gave a profound and incisive exposition of the evolution of the matrimonial system, the creation of private ownership, and the origin of the state in human society. He argued that the family is a form of social organization, that "the state is a product of society in a certain phase of its development," and that the state needs to establish a "public power," "which consists not only of the armed forces but also material attachments, such as prisons and various organs of coercion." He explained the general functions of such public power as tax collection and organization of commodity production and exchange. Engels' theses illustrated the necessity and inevitability of the establishment of government civil service. Understanding the ABC's of government public service is essential to everybody, especially government civil servants.

In modern times, economic development and social progress have been driven largely on two wheels, the wheel of science and technology and the wheel of social management. Therefore, most countries in the world have been doing their utmost to promote the acceleration of these two wheels so as to bring about political stability, economic prosperity, and social development in their territories. In the working of the wheel of social management, administrative management is the key-note. Administrative management is by definition the management of social public affairs by the government. The quality and success, or otherwise, of such management not only concerns the reputation and destiny of the government, but also affects the survival of the state and social prosperity. The development of nations around the world in the past half-century or so since World War II indicates that the speed and quality of a nation's development depend not only on such conditions as resources and communications, but also, to a greater extent, on the sophistication of administrative management and efficiency. Today, reforms are going on in many countries. A key aspect of such reforms is the reform of the administrative structure. Despite varying objectives and tasks of different nations, most are working on the structure of administrative leadership, seeking a rational and scientific administrative management structure that fits domestic realities to streamline and optimize the efficiency of government management.

The 14th National CPC Congress called for strengthening reform of the government administrative management system and institutional reform. This is an urgent

task we are facing in the course of our political structural reform and an important condition for deepening economic reform, establishing the socialist market economic system, and expediting the modernization process. After the founding of New China, especially after the Third Plenary Session of the 11th CPC Central Committee, China conducted several adjustments of the administrative management system and institutional adjustments with some results, but the payoff on the whole was not very large. The main reason is that government administration was separated from enterprise management, the functions of government institutions did not change, and government still took on too many tasks related to direct management of the economy and enterprises. As a result, the problems of bloated organizations, overlapping administrative hierarchy, overstaffing, low efficiency, and detachment from the masses could not be solved for a long time. Therefore, the 14th National CPC Congress emphasized the need to follow the principle of separating government administration from enterprise management and the principle of streamlining, uniformity, and effectiveness, which calls for both the determination to carry out reform of the administrative management structure and institutional reform and to take substantial measures to change government functions, put various relationships in order, and reinforce the government's macroregulation and control capability; as well as the effort to make overall plans, organize resources meticulously, improve the mix of government workers, and raise their quality and competence.

As society develops and the general public have a stronger democratic awareness and enhanced quality, running a country should not be the business of a minority, but that of all members of society, or at least the vast majority of the members; it should not be something unfathomable, but a simple job, as Lenin said in his book *The State and Revolution*, "becoming a very simple supervisory and registration procedure that any literate person can competently undertake." This large reference work we have compiled and published, *Encyclopedia of the Civil Service of the Chinese Government* [zhongguo zhengfu gongwu baike quanshu 0022 0948 2398 1650 0361 0523 4102 4430 0356 2579] (referred to as the "Encyclopedia" hereafter), is intended to help more people gain some basic knowledge about and increase the transparency of the government civil service.

All countries around the world have accumulated rich and varied experience in their practice of administrative management and reform. This kind of scientific experience of management is the common wealth of mankind and can be shared. "Stones from other hills may serve to polish the jade of this one." In conducting their reforms, all countries must look at their own reality and draw upon some beneficial experience of other countries. This way, they can avoid detours. In our administrative reforms and modernization process, our country also "must boldly absorb and draw upon all achievements of



civilization created by human society and absorb and draw upon all the advanced operational means and management methodology that reflect the laws governing modern socialized production in various countries around the world, including the developed capitalist countries." (From Deng Xiaoping's talks during his tour in southern China in the spring of 1992.)

In a letter to K. Schmidt dated 27 October 1890, Engels pointed out: "State power has three possible reactions to economic development: It may act in the same direction, in which case the development will be rather fast; it may act in the reverse direction, in which case it is bound to break down in every big nation after some time; or it may stop economic development moving in one direction and push it in another direction. In the end, the last case can be considered as one of the first two cases. But obviously, in the second and the third cases, political power may cause enormous damage to economic development and lead to the waste of large amounts of human resources and materials." This brilliant exposition by Engels still sounds very pertinent to the reality in which we are living today. It is for the purpose of catering to the reform and socialist modernization, strengthening scientific management, enhancing administrative efficiency, and enabling political power to more effectively promote the development of productive forces that we have compiled the "Encyclopedia."

The "Encyclopedia" has been compiled under the guidance of Deng Xiaoping's theory of building socialism with Chinese characteristics and the spirit of the 14th CPC Congress; is designed to dovetail with the new circumstances of reform and opening up and to reflect the new changes in reform and opening up and the basic status quo of the shift in government functions as part of the current reform and opening up package; follows the principle of integration of theory and practice, emphasizing science while highlighting practicality; and embodies the characteristics of the Chinese Government civil service. It is our wish that after the "Encyclopedia" is introduced, it can keep up with the development of the times and changing circumstances, better serve the transformation of our government administration into a more scientific, codified, and modernized form, and better serve China's socialist modernization process.

The "Encyclopedia" is mainly tailored to government civil servants. Therefore, they are the specific readership we bore in mind throughout the compilation process. The design of the structure, the selection of subjects, the choice of entries, and the composition of the texts were all oriented to the needs of government civil servants in their functional activities. The "Encyclopedia" is large enough to embrace all departments of government civil service and cover all major aspects of government civil service. The entries are threaded along the line of government management and based on government functions and the knowledge and skills that civil servants use or require in performing their duties. Its contents include the basic theoretical knowledge applicable to the government management of state affairs, economic affairs, and

social affairs; principal administrative know-how; policies and laws; regulations and procedures; and requirements concerning intellectual capacity and skills.

The "Encyclopedia," with a total of over eight million characters, comprises four volumes and contains over 20,000 selected government civil service entries. The entries are divided into 103 subjects under four categories, namely, basic theoretical knowledge, general administrative management, financial and economic management, and social affairs management, from such major issues as strategies for running the country to such specific issues as the conduct and self-cultivation of government officials. Therefore, our overall objective was to produce a veritable all-inclusive reference work on China's government civil service. First, it must embody the characteristics of the management of government civil service in China. In other words, the "Encyclopedia" should consistently place China at the core of each entry and each text, coincide with the reality of China's government management, and reflect the characteristics of China's government civil service. Faced with a new era, new circumstances, and new tasks, we are offering this practical and user-friendly reference work to help implement Deng Xiaoping's theory of building socialism with Chinese characteristics and the spirit of the 14th CPC National Congress; promote reform, opening up, and socialist modernization; and help upgrade government administrative behavior into a successful, efficient, and effective management system. Secondly, it must become an authentic specialized encyclopedia.

Put simply, encyclopedias are reference works which introduce various branches of knowledge in a concise way. Such reference works fall into two categories, general encyclopedias and specialized encyclopedias. Ours belongs to the second category, i.e., a reference work containing knowledge of various subjects concerning government administrative management. Compiling such an encyclopedia is different from compiling a common "handbook," "corpus," or "dictionary." Though an encyclopedia ought to be a complete reference work and to some extent contain the elements of a "handbook," "corpus," or "dictionary," it is vastly different from all three. The difference between an encyclopedia and a "handbook" or "corpus" is obvious, but it is often confused with a "dictionary." An encyclopedia and a "dictionary" do have parts that overlap, but they are nevertheless two different types of reference works. World-famous Czech lexicographer Ladislav Zígusta [la di si la fu zi gu si ta 2139 6611 2448 2139 1133 5417 0657 2448 1044] once said: The difference between an encyclopedia and a "dictionary" is that the former concerns itself not with language but with the world beyond language, the object itself. The main function of a "dictionary" is to define the boundaries or meaning of an entry, while an encyclopedia must, after giving a definition, expound on the content. For this reason, our

production was consistent with the inherent characteristics of an encyclopedia, so that the final product could truly be worthy of the name encyclopedia.

Accuracy is the life of any reference work. Like dictionaries and encyclopedias, reference works should be "canons" that offer accurate answers and references, and mistakes are less permissible in them than in other books. Generally speaking, to ensure the accuracy of an encyclopedia, its content must show relative stability and adaptability so that it is "accurate, concise, and practical," with an emphasis on "comprehensiveness but not a medley" and "conciseness without omitting vital parts." We should not only seek "voluminousness and comprehensiveness" in reflecting the government civil service system, but should also be "economical and to the point" in selecting entries of different subjects, avoiding diverse and indiscriminate inclusion, so that it will stand close scrutiny and the test of history. For this reason, we upheld five criteria in the compilation process: (1) to maintain the political correctness of the content of the "Encyclopedia," i.e., conforming to the spirit of the 14th CPC National Congress and the party's basic line, the principles and policies of the party and the state, and state laws and regulations; and keeping aligned with the center politically and in policy affairs; (2) to ensure the theoretical scientific nature of the content of the "Encyclopedia," follow a correct theoretical orientation, adhere to the basic principles of Marxism, and adhere to Deng Xiaoping's theory of building socialism with Chinese characteristics; (3) to ensure the accuracy and clarity of content with regard to the knowledge the "Encyclopedia" presents, set store by the error-free accuracy of each entry, which includes the definition of the term or concept, notes on its evolution, and the explanation of some common sense knowledge concerned; primary sources are preferred, and any second-hand material to be quoted must be verified against a number of other versions to avoid relaying, and thus perpetuating, erroneous messages; (4) to maintain a rigorous style of expression throughout the "Encyclopedia," the main requirements for which are clarity of arrangement, logic, smoothness of syntax, coherent language, and standard use of punctuation; and (5) to ensure the simplicity of writing in the "Encyclopedia," emphasize substance, distinctness, and vividness, and strictly avoid emptiness, pompousness, put-on abstruseness, and covering up lack of substance and depth with abstruseness.

As far as style is concerned, the "Encyclopedia" should be easy to understand but not shallow, use careful reasoning without being intricate and obscure, and show a serious attitude while remaining vivid. Efforts should be made to achieve an organic integration of understandability, informativeness, scientific quality, and operativeness, and it should address the needs of political affairs workers at different levels.

As a person should have individuality, so should any writing or compilation of a large reference work. The most vital determinant of whether this "Encyclopedia"

we have produced can earn a place of its own in the world of reference works in China is of course its very quality, but alongside this factor is its individuality, in this case its practical value. The "Encyclopedia" is not one of pure knowledge and academic value, but a reference work that government officials will find useful in carrying out their civil service activities. Though the "Encyclopedia" is nothing remarkable, the inspiration of the authors does not strike one as magnificent, and the language is not exactly bold and vigorous, yet a pure and sincere heart like that of a newborn babe, eager to serve the government civil service, can be felt throbbing between the lines.

Most of the encyclopedias circulating these days are not as comprehensive and all-inclusive as their names may suggest; even fewer can truly be both comprehensive and all-inclusive. The "Encyclopedia" we are presenting is probably comprehensive, but incomplete. Therefore, it cannot be expected to enable government civil servants to get to know everything about managing government affairs, and it will surely fail to give the readers an all-inclusive panoramic picture of what is called government civil service. Furthermore, administrative management is always undergoing constant reform and development. The "Encyclopedia" must be regularly updated after publication. Our objective is that the "Encyclopedia" will become an introductory guide for workers involved in government administration and will offer methodology and skills for direct operation, so that the reader can develop a relative sense of satisfaction and trust.

It is well known that the process of any book, especially something like our "Encyclopedia," materializing from a blueprint mainly depends on two conditions, namely, the authors' competence and attainments and the publisher's courage and vision. Most of the members of the editorial board, editors-in-chief, copy editors, and authors are leaders of various government departments with much experience in administrative management and experts and scholars studying administrative management. That is why the compilation of the "Encyclopedia" reflects much of the practical and scientific side of government civil service. We would like to express our heartfelt thanks to the CPC Central Party School Publishing House for happily accepting our recommendation, for their decision to publish this costly "Encyclopedia," and for giving us full trust and all-out support.

"No book is perfect." The "Encyclopedia" is no exception. Though we subjectively have made many an effort, we are not in a position to say that the first edition has "no room for improvement." Oversights, omissions, and inadequacies are inevitable. We sincerely hope that our general readership, especially government civil servants, will not be stinting in their criticism, so that amendments can be made to the second edition.

(The *Encyclopedia of the Civil Service of the Chinese Government*—in four volumes—is published by the CPC Central Party School Publishing House.)



## Articles Highlight Deng Xiaoping's Theory, Works

### Theory on Party Building Praised

HK0811093194 Beijing LIAOWANG in Chinese No 42, 17 Oct 94 pp 4-6

[By Chen Dengcai (7115 4098 2088), director of the party building teaching and research department and professor at the Central Party School: "Study Deng Xiaoping's Theory on the Building of the Party in Power"]

[FBIS Translated Text] The Fourth Plenary Session of the 14th CPC Central Committee was an important meeting of overall and far-reaching significance. The session adopted the "Decision Concerning Some Major Issues on Strengthening Party Building," which was made according to Deng Xiaoping's theory on building socialism with Chinese characteristics and the spirit of the 14th CPC National Congress and on the basis of thoroughly analyzing the situation at home and abroad, the present situation in the party, and the important historical mission shouldered by the party. The decision explicitly put forward the goals of party building, especially the major tasks, guiding principles, work policies, and major measures for the organizational building of the party. It is, therefore, a programmatic document of strengthening party building in the new historical era.

Deng Xiaoping's theory of building socialism with Chinese characteristics contains a very resourceful theory on party building. Deng Xiaoping's thought on party building, especially his thought on the building of the party in power, is an outcome of integrating the party building theory and basic principles of Marxism-Leninism-Mao Zedong Thought with the concrete party building practice of the CPC. It has enriched and developed the party building theory of Marxism-Leninism-Mao Zedong Thought with new thoughts and concepts under new historical conditions. It is a powerful weapon in guiding the whole party to uphold and improve the leading role of the party and strengthen and improve party building in the primary stage of socialism.

### Two Major Characteristics of the Thought on Building the Party in Power

1. It has been gradually developed and perfected against a new international background and it has the clear-cut characteristics of the era. In the 1980's, peace and development became the main topics of today's world. As an outcome of integrating the theory of party building of Marxism-Leninism-Mao Zedong Thought with the characteristics of the era, Deng Xiaoping's theory on the building of the party in power has also been gradually deepened and perfected after summarizing and learning from the positive and negative lessons and experiences of the rise and fall of parties in power in socialist countries.

International competition at present is a competition of the comprehensive national might based on science and technology and economic strength. In the final analysis, it is a competition of talents, a competition of how parties in power solve the problem of development in their countries. As Deng Xiaoping pointed out: "The key for China to solve its problems is to depend on its own development." To consolidate its position as a ruling party and bring into full play its leading role, the CPC must be good at seizing the right opportunity to solve China's question of development. This is a characteristic that was not seen during the time of Mao Zedong.

2. It continues to develop and mature under new historical conditions in China and is characterized by its adaptability to the times and tasks of building socialism with Chinese characteristics. As Deng Xiaoping said: "Times have changed, and our tasks have changed. We are now building socialism with Chinese characteristics" (*Selected Works of Deng Xiaoping*, Vol 3, p 146). Party building therefore must suit the needs of developing socialism with Chinese characteristics and concentrating on leading the socialist modernization construction.

To suit the new demands, the second generation of the collective leadership of the CPC Central Committee, with Deng Xiaoping as the core, continued to push forward the theory and practice of party building on the basis of scientifically analyzing the changeable contemporary international situation, systematically summarizing the historical experiences of the CPC as the party in power in the last 40 years and more, setting things to rights in all fields, and effecting great social changes through comprehensive reform, opening up, and the modernization drive. Under the guidance of Deng Xiaoping, the whole party adhered to and developed Mao Zedong Thought, resolutely put an end to the chaos brought by Lin Biao and the "Gang of Four," corrected the mistakes Mao Zedong committed in his later years, returned to the correct path of Mao Zedong Thought, realized the transformation from "taking class struggle as the key link" to focusing on the four modernizations program, from a closed or semi-closed situation to opening in all areas, and from sticking to the old rules to comprehensive reform. Moreover, in the practice of comprehensively developing socialist modernization, the party explored new ways of economic restructuring, developed the building of spiritual civilization, and pushed forward the building of democratic politics.

Deng Xiaoping creatively proposed thorough rectification of the mistaken policy of "two whatevers" through a complete and accurate understanding of Mao Zedong Thought; he put forward the theory of building socialism with Chinese characteristics and resolutely negated the "leftist" argument of "continuing the revolution under proletarian dictatorship"; he proposed the establishment of a socialist market economic system to fundamentally change the economic system which prevented the development of productivity, etc. In the final analysis, it meant reestablishing the status and role of the party in



power during China's reform and development and the building of a rich, powerful, democratic, and civilized modern socialist country along Marxist ideological, political, and organizational lines. This is another significant characteristic which was not seen during the time of Mao Zedong.

#### **The Theory on Building the Party in Power Is a Theory of Development**

In the process of concentrating on leading China's socialist modernization drive, Deng Xiaoping also earnestly worked hard at the building of the CPC as the party in power. Deng Xiaoping's outstanding contribution to the Marxist theories on the party and to party building history is that he gradually developed a whole series of theories concerning the building of the party in power, initially solved, under the conditions of such a big party and such a large socialist country as China, a series of basic questions on building what kind of ruling party, how to uphold and improve party leadership when the party is in the position of leading national power, and how to strengthen and develop the building of the party in power, and enriched and developed Mao Zedong's theories on party building with new ideas and concepts. The main points of the theory are as follows:

**On building what kind of ruling party:** It emphasizes the need to turn the party into a Marxist-Leninist militant political party and a strong core in leading the people in the whole country in building socialist material and spiritual civilization. It persists in taking Marxism-Leninism-Mao Zedong Thought as the party's guide to action and carries forward and develops the guiding ideology of the party represented by Mao Zedong Thought. It proposes that, to uphold Marxism, it is necessary to combine it with the concrete practice in China and to combine the universal truth of Marxism with the concrete practice in China, take China's own road, and build socialism with Chinese characteristics. This is our party's guiding ideology for undertaking the socialist modernization program.

**The party should organically combine the leadership and development of socialist market economy, the building of socialist democratic politics, and the building of socialist spiritual civilization.** In a socialist country, a true Marxist-Leninist party, once it has gained political power, must be dedicated to developing productivity and gradually raising the living standards of the people on this basis. The central task during the entire socialist historical period is to develop productivity. The starting point and the standard for judging the work of the party is whether or not it helps develop socialist social productivity, strengthen the comprehensive might of the socialist state, and raise the people's living standards.

**On upholding and improving party leadership:** It emphasizes that the CPC is the core for leading and uniting people of all ethnic groups in the country in building the socialist cause with Chinese characteristics. Without the leadership of the CPC, there would be no stable socialist

China nor the four modernizations program in China. The heart of the matter in adhering to the Four Cardinal Principles is to uphold the leadership of the CPC. Given that the party is in power, upholding party leadership means improving party leadership. Education in adhering to the Four Cardinal Principles must be carried out frequently among party members and cadres. This can be done mainly by strengthening ideological and political work, persisting in the education of the need for reform and opening up, opposing the corrosive influence of feudalism and decadent bourgeois ideology, adhering to the principle of doing two types of work simultaneously and attaching equal importance to both, and guaranteeing the correct political orientation of the socialist modernization program.

**Organizational party building at the grass-roots level** must be strengthened and improved so as to bring into play the leading role of the party's grass-roots organizations as the leading cores and the party members' exemplary vanguard roles. The key to whether the socialist modernization drive can be handled well lies within the party, in whether or not the party is good at learning. We must learn from all the advanced experiences of the world and learn and make use of all advanced operational and management methods that reflect modern socialized production law in all countries in the world, including developed capitalist countries. At the same time, we should learn from our own experiences. Our cadres learned the science of class struggle in the past and they must now learn the science of how to transform nature in order to avoid major errors and blunders in building the four modernization.

**On reforming the leadership system:** It calls for the need to reform the leadership system of the party and state, perfect party rules and regulations, and realize the democratization and institutionalization of inner-party life. It explains that the leadership and organizational systems are long-term and fundamental issues that involve the overall situation and stability and which have a bearing on whether the party and the country will change color; therefore high importance should be attached to them among the whole party. The party should, through the reform and building of its system, overcome such phenomena as bureaucratism, over-concentration of power, paternalism, life-long tenure of office for cadres and various kinds of special privileges, display the superiority of socialism from the organizational angle, and increase the vitality and combat effectiveness of the party. It emphasizes the need to formulate and perfect party rules and regulations, saying that the party constitution provides the fundamental party rules and regulations and that everyone should be equal before party discipline. The party should confine its activities within the constitution and the laws of the state and promote socialist democracy and the establishment of a legal system.

**On upholding and perfecting democratic centralism:** It emphasizes that democratic centralism is a fundamental

system and also the most rational and convenient system of our party and country. Democratic centralism is also our strong point. We must practice a system combining centralism on the basis of democracy and democracy under centralized guidance. We should develop inner-party democracy, uphold centralism on the basis of democracy, and strengthen the unity and unification of the party. The central leadership must have authority and both central and local enthusiasm should be brought into play. Party committees at all levels should truly practice the system of combining collective leadership with division of individual responsibility. Inner-party supervision must be strengthened and perfected and party discipline enforced so that in the party, as well as in the whole country, there will be a lively political situation, as advocated by Mao Zedong, in which there is both centralism and democracy, both discipline and freedom, and both unified will and individual ease of mind.

On the party's ideological, theoretical, and political building: It emphasizes that the whole party must make great efforts to master the basic theories of Marxism against new realities, improve our skill in applying its basic principles and methods to actively explore and solve fundamental and new political, economic, social, and cultural problems, and strengthen the sense of principle, systematicity, farsightedness, and creativity in our work. It explicitly proposes seeking truth from facts, proceeding from reality in whatever action, combining theory with practice, and upholding practice as the only criterion of truth, all of which combine to constitute the ideological line of our party. A correct ideological line is the basis for deciding on a correct political line. We must unify emancipation of the mind with seeking truth from facts. Without emancipation of the mind, without seeking truth from facts, it will not be possible to draw up a correct political line. Even if such a line were decided on, it would not be carried out.

During the primary stage of socialism, the party's political building should be strengthened by focusing on the basic line of building socialism with Chinese characteristics. The essence of upholding economic construction as the center, upholding reform and opening up, and upholding the Four Cardinal Principles is to engage in the four modernizations program. What is most important is to engage in economic construction, developing the national economy and social productive forces, uniting the people of all ethnic groups to work hard and rely on themselves, and turning China into a powerful, democratic, and civilized modern socialist country. It emphasizes treating the "one central task and two basic points" as a unified whole, correcting the "leftist" mistakes committed during a long historical period, opposing bourgeois liberalization, being on the alert for right tendencies but mainly against "left" tendencies, and upholding the party's basic line for 100 years.

On building a contingent of party cadres: It proposes the "four transformation" policy (more revolutionary, younger in average age, better educated, and more professionally competent) for bringing up a contingent of

cadres in the new period and the principle of combining political integrity with ability to create a vigorous contingent of leading cadres. It emphasizes that the implementation of the correct political line must be ensured by a correct organizational line. To solve the question of organizational line, the most important problem, as well as the most difficult and imperative, is to select successors. In a sense, whether or not we can manage our domestic affairs well, whether or not we can keep to the socialist road and adhere to reform and the open policy, whether or not we can develop the economy more rapidly, and whether or not we can maintain long-term peace and stability will all be determined by the people.

Hostile forces in the West place their hope on several generations beyond our time in their efforts to realize peaceful evolution of China. Therefore, we must do a good job in educating the Army, the dictatorship organs, party members, the people, and the young. In the final analysis, the key is to run the party well, within itself. We respect talent and open the door wide to all talent. We must, in line with the "four transformation" policy, select those with both political integrity and ability into the leading bodies; select those who the people unanimously recognize as dedicated to reform and opening up and who have made achievements and boldly place them in leading positions; select Marxists; achieve replacement of old cadres by the new and collective succession of the old by the new; and abolish the life-long tenure for leading posts that actually exists. Cadres should be ready to take either low or high positions. We must be good at discovering, uniting, and employing talent; paying attention to the training of the next generation of successors; letting more outstanding young politicians, economic administrators, strategists, diplomats, scientists, educators, writers, and other specialists grow up and become mature.

On strictly enforcing party discipline, strengthening party style, building up incorrupt and honest administrations, and combating corruption. It emphasizes that the work style of the party in power is a matter of life and death for the party and state. The key to going a good job in the work style of the party, Army, and people lies in doing a good job in party work style. It proposes the policy of strictly enforcing party discipline. We must adhere to the principle of wholeheartedly serving the people, oppose abusing one's power to seek personal gain, and tackle party style and the building of incorrupt and honest administrations as major tasks. During the entire process of reform and opening to the outside world we must always oppose corruption and leading cadres at all levels should set good examples. In the anticorruption struggle, we must go to the root cause of the matter, develop the economy, strengthen education, rely on the legal system, and carry forward the fine traditions of hard work, plain living, and the maintenance of close ties with the people. Only in this way can we resist corruption. The party must rely on the healthy forces within itself and the assistance of the people in



overcoming negative and corrupt phenomena, maintaining the purity of the party, and strengthening its discipline.

On inter-party relations: It explicitly puts forward the four principles, i.e. independence, complete equality, mutual respect, and mutual noninterference in internal affairs as the standard for dealing with inter-party relations.

Deng Xiaoping's theory on the building of the party in power has enriched and developed Mao Zedong's thought on party building and pointed the direction of building the party in power in the new historical period. As in the case of Marxism, the theory on the building of the party in power is also a theory of development. It has developed along with the practices of the development of reform, opening up, and the modernization program. The basic theoretical principles, basic lines, and policies that have already taken shape as listed above will also stand tests, improve and develop in practice, and further guide the practices of building our party as the party in power.

#### **Guiding Principles for Building the Party in Power at the Present Stage**

Deng Xiaoping's theory on the building of the party in power, as the newest scientific result of combining the basic principles of the Marxist-Leninist party building theory with the concrete practices of building the CPC in the contemporary era, is not a doctrine but a guide for action. It is a powerful weapon for strengthening and improving party leadership, a guiding principle for us to implement comprehensive strengthening of our party as the party in power to suit the needs of the socialist modernization program.

The theory of building the party in power created by Chinese Communists represented by Comrade Deng Xiaoping is closely linked with China's revolution and construction, reform and development, stability, and the future of socialism. It is not only aimed at the present century but also, more significantly, at the coming century. It has the overall situation in mind and looks at the world, the future, the present situation, and all aspects. The theory is a scientific one which provides the guiding principle for strengthening our party as the party in power at the present stage.

The key to China's reform and development lies within the party. If any problem arises in China, it will arise within the CPC. For the CPC as the party in power, it must improve its leadership; strengthen its building to lead the people of all ethnic groups to realize the reform and construction tasks of the 1990's and build China into a moderately developed country in the middle of the next century; and continue on the road of building socialism with Chinese characteristics.

At present, China's reform, opening up, and socialist modernization program has entered a new development

stage. The party faces a tremendous amount of domestic tasks and complicated international affairs. This requires members and leaders at all levels of the CPC as the party in power to:

- earnestly study, understand, and carry out in all aspects the spirit of the Fourth Plenary Session of the 14th CPC Central Committee;
- consciously safeguard the authority of the party Central Committee with Jiang Zemin as the core;
- safeguard the overall situation of "seizing the opportunity, deepening the reform, opening wider, promoting development, and maintaining stability";
- in accordance with the decision adopted by the Fourth Plenary Session of the 14th CPC Central Committee, strengthen the building of the party in a down-to-earth manner;
- continue to arm the whole party with the theory of building socialism with Chinese characteristics (including the theory of building the party in power) and better master and apply this theory in studying and solving new issues;
- build the party with the spirit of reform;
- maintain the nature of the party as the vanguard of the working class and its aim of serving the people wholeheartedly;
- carry out the improvement of the party style, the building of incorrupt and honest administrations, and the struggle against corruption in a deepening and sustained way;
- perfect the party leadership system, improve the party management system, increase the cohesion of the party;
- bring into play the party's combat effectiveness to enable it to be a Marxist political party which is completely consolidated in ideology, political line, and organization, and which can withstand all kinds of dangers and risks and always stands in the forefront of the times.

This way, our party will be able to effectively lead people of the whole country to focus on economic construction, develop the socialist market economy, and build socialist democratic politics and socialist spiritual civilization. Just as Deng Xiaoping has said: "To build and develop socialism with Chinese characteristics till we realize our final goal and realize Communism."

#### **Theory on Socialism Stressed**

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[Editorial: "Achieve Again Illustrious Deeds Under the Banner of the Theory of Building Socialism With Chinese Characteristics"]



[FBIS Translated Text] On this occasion of the successful conclusion of the Fourth Plenary Session of the 14th CPC Central Committee, we are greeting the grand celebration of the 45th anniversary of the founding of the PRC.

Forty-five years are but an instant in the long course of history, but for the Chinese people, these are 45 years that have seen fundamental changes in their destiny and 45 years that have seen world-shaking changes in their motherland. For this reason, these are 45 brilliant years that deserve to be recorded in letters of gold in the annals of the development of the Chinese nation. In China today, the people are their own masters. They hold the destiny of their country and society in their own hands. With various causes thriving, our country has achieved the beginnings of prosperity. Our independent international standing becomes stronger every day, and our international prestige is growing. We are playing an increasingly more important role in international affairs. Internal unity and great solidarity among our nationalities are also consolidating and developing. In the face of all this, the Chinese people realize all the more deeply the extraordinary meaning of the solemn declaration by Comrade Mao Zedong 45 years ago.

After nearly half a century of hard work, the People's Republic has grown from an infant into a giant from the East who stands tall among the world of nations. The republic has gradually grown to maturity and its people have gradually grown to maturity. What is most important and fundamental, however, is that by combining the basic tenets of Marxism-Leninism with the concrete practice of China and through the unremitting efforts of several generations, our party has also grown to maturity on the ideological and theoretical levels.

The history of the breeding, birth and development of the People's Republic is the history of our party's fight for the happiness of the Chinese people. During the 45-year history of the People's Republic, the party has led the people of the whole country in doing two great things that changed the course of Chinese history. The first is that in the years between the founding of the People's Republic and 1956, and on the basis of the victory of the new democratic revolution and the initial recovery and development of the national economy, our party lost no time in advancing the socialist revolution, adopted the principle of the simultaneous development of state industrialization and socialist transformation, and established the basic system of socialism, thereby laying a solid foundation for brilliant successes in social and economic development in later years. The second is that in the years since the Third Plenary Session of the 11th CPC Central Committee, our party has made it clear that China is still in the initial stage of socialism, shifted the focus of work to economic construction, carried out all-round reform on the old economic system which fettered the development of the productive forces, unfolded appropriate political reforms and the building of a socialist culture and ethics, gradually established a

basic line which centers round economic construction while stressing the four cardinal principles and persisting in reform and opening up, charted the course of building socialism with Chinese characteristics, and initiated in an all-round way a new situation of socialist modernization, thereby enabling our country to achieve even more brilliant successes in the last 15 years. The first of these two great things was accomplished under the guidance of Mao Zedong Thought, while the second was accomplished under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, which is a new development of Mao Zedong Thought. Mao Zedong Thought and the theory of building socialism with Chinese characteristics represent two stages of development in combining the basic tenets of Marxism-Leninism with reality in China; they are two milestones that show the gradual maturity of Chinese Communists on the ideological and theoretical levels.

The Chinese people found Marxism-Leninism only after going through innumerable hardships and paying a heavy price. The basic tenets of Marxism-Leninism are universally applicable truths. How to make these basic tenets take root, blossom and bear fruit in different countries is an important and extremely complicated question that has to be resolved by communists in all countries. The tortuous course and brilliant successes experienced by the People's Republic bear deep imprints of the arduous search and gradual maturity of our party on the ideological and theoretical levels. Proceeding from the basic conditions of old China and the actual needs of revolutionary struggle, first-generation Chinese Communists as represented by Comrade Mao Zedong creatively applied Marxism-Leninism to the large semi-colonial and semifeudal country of China, which had the peasants as its mainstay and which adopted as its direct task the fight against imperialism and feudalism, and developed Mao Zedong Thought. They successfully tackled, theoretically and in practice, the arduous task of carrying out the new democratic revolution and socialist revolution and building the socialist system in a populous and economically and culturally backward country like China.

Mao Zedong Thought is the correct theoretical principle and summary of the Chinese revolution which has been fully verified by practice. After winning a decisive victory in socialist transformation, Comrade Mao Zedong began to take warning from the Soviet experience and tried to find a road for building socialism that suited our conditions. He left us many brilliant ideas. However, he made serious mistakes in his old age. Due to his mistakes, many of his useful explorations were often abandoned. Serious deviations were also seen. As far as our party is concerned, previous quests, be they successful or unsuccessful, positive or negative, are valuable assets contributing to our gradual discovery of a road of building socialism that shows our own characteristics.

Second-generation Chinese Communists as represented by Comrade Deng Xiaoping combined Marxism-Leninism with the reality of present-day China and the

characteristics of the times, and established the theory of building socialism with Chinese characteristics. On the basis of correctly grasping the essence of socialism, this theory tentatively and systematically resolved for the first time in a large country like China, which has a weak economic and cultural foundation, a series of fundamental problems of principle and questions of general and specific policies, such as the road of development to be established, chosen and adhered to, the defining of development stages, the fundamental task, the driving force of development, external conditions, political guarantee, strategic steps, leadership, and the forces to be relied on, in the march toward a modern socialist power. Having taken over, enriched and developed Marxism-Leninism-Mao Zedong Thought, it is the latest achievement of the integration of Marxism-Leninism with China's reality; it is Marxism of present-day China. The practice of reform, opening up and socialist modernization provides a direct and reliable practical basis for the formation of the theory of building socialism with Chinese characteristics.

Comrade Deng Xiaoping made great and historic contributions toward the establishment of this theory. He initiated discussions on "the criterion of truth," which gave birth to a mammoth movement for the emancipation of the mind and may be seen as the epistemological premise of this theory. Comrade Deng Xiaoping is a textbook model in emancipating the mind and seeking truth from facts. He pooled the wisdom of the whole party and the practical experience of the masses, put things right and introduced thoroughgoing reform with great political and theoretical courage, explained a profound theory in simple and easy to understand language, and developed a preliminary theoretical system for the theory of building socialism with Chinese characteristics, thereby completing the historic leap from Mao Zedong Thought to the theory of building socialism with Chinese characteristics and providing the party and the people with the most precious spiritual wealth.

Comrade Mao Zedong once said: "Doctrines are like banners." A scientific theory, like a banner that guides a huge army in charging forward toward a correct target, can guide a country and a nation toward success and a bright future. Without such a banner, the masses will not have any spiritual support, and the country and nation will be like a ship without navigation marks, doomed to run aground and sink. The illustrious and world-famous achievements of the republic over the past 15 years have proved beyond refute that the theory of building socialism with Chinese characteristics is the only correct theoretical principle on and summary of experience in reform, opening up and socialist modernization in China. It is our great banner for the development of socialism, the strong spiritual pillar for the rejuvenation and development of the Chinese nation. When present-day China has such a banner and spiritual pillar, the party will have stronger fighting power and the republic will have greater rallying force. Thus, the CPC has solemnly added the words "Comrade Deng Xiaoping's

theory of building socialism with Chinese characteristics" to the banner on which "Marxism-Leninism-Mao Zedong Thought" was already inscribed.

It is the good fortune of our party, the republic and the Chinese nation to have found Marxism-Leninism, developed Mao Zedong Thought and established Deng Xiaoping's theory of building socialism with Chinese characteristics. It is only by profoundly understanding the difficulty involved in establishing this theory, and understanding that this banner was not easy to come by, that we will treasure it all the more and will defend it all the more consciously and firmly. The 14th CPC National Congress made clear the importance of the theory of building socialism with Chinese characteristics in the history of ideological and theoretical development which combines Marxism-Leninism with China's reality, and further clarified its significance as the theoretical basis guiding our ideology and work. This is of ultimate importance and is of far-reaching significance to the future and destiny of China's socialist modernization. Any wavering in thinking or deviation in action on this theory will no doubt bring serious consequences to our socialist modernization. In order to truly uphold Marxism-Leninism-Mao Zedong Thought, it is necessary to uphold the theory of building socialism with Chinese characteristics, a theory which has its roots in the practice of reform and opening up by the masses in their millions, and to uphold this Marxism of present-day China.

Only by firmly relying on the ideological weapon of the theory of building socialism with Chinese characteristics will we be able to firmly grasp the overall situation of the development of present-day China and always maintain a firm stand, a clear head and conscious action in the face of the changing international situation and the complicated construction tasks and social contradictions at home. China must persist in taking economic construction as the key link, devote major efforts to developing the productive forces, increase overall national strength and raise the material and cultural living standards of the masses; it must uphold the four cardinal principles and provide effective guarantees for economic and social development; it must persist in reform and opening up, further liberate the productive forces, and fully arouse all positive factors that are of benefit to us; it must uphold the "three-step" development strategy and build the country in a planned and systematic way into a prosperous, powerful, democratic and civilized socialist country. In order to maintain sobermindedness and steadfastness in this stand and in action, it is necessary first of all to remain soberminded and steadfast in ideological and theoretical matters. Provided that we have truly grasped the scientific world outlook of the theory of building socialism with Chinese characteristics, we will always be able to remain clear-headed and will not drift with the tide. We will be able to steadfastly stand our ground despite pressure or opposition, unswervingly follow the correct road we have chosen and concentrate forces on doing our work well.



Only by firmly relying on the spiritual pillar of the theory of building socialism with Chinese characteristics will we have sufficient courage and confidence to greet the challenge of the 21st century. At this juncture, when the new millennium replaces the old, the bipolar pattern of the world is coming to an end. As the new pattern is taking shape, various contradictions in the world are growing in depth, various forces are splitting up and undergoing regrouping, and major strategic relations are undergoing readjustment and change. The world is developing in a multipolar direction. In this historical period of great changes, China is faced with intense international competition and challenge in the economic, political, military, scientific and technological fields as well as in such areas as human resources, population and environment. In short, these are competition and challenge in overall national strength. By the next century, the challenge will become even more intense. If we cannot stand up and face the challenge, we will become a loser in the competition. China has no alternative or leeway but to advance bravely, seize the opportunity, develop itself, face the challenge and emerge the winner. The theory of building socialism with Chinese characteristics gives us the courage and confidence we need. With this courage and confidence, the whole party, the whole army and the people of all nationalities will be able to generate endless strength to create new historical merit.

Comrade Deng Xiaoping's correct judgment that peace and development remain the principal aspect of the world situation in the new historical period, his important remarks on national self-respect, confidence and pride, his stern admonition on the maintenance of national sovereignty and integrity, his teachings on the unity of patriotism and socialism and how the Chinese nation should develop on the basis of socialism and make greater contributions toward mankind, as well as his overall design and principled suggestions on various causes for construction, are the great spiritual driving force that will help us courageously greet and overcome future challenges. We may say that the Chinese people, who have the theory of building socialism with Chinese characteristics as their spiritual pillar, will definitely be able to show their prowess on the great stage of the 21st century. The Chinese nation, which boasts one-fifth of the world population and which has made great contributions to civilization, and the CPC, which boasts 50 million party members and has created brilliant socialist achievements, should and must make greater contributions toward the promotion of the cause of peace, development and progress among men and toward the promotion of the international communist movement.

Only by firmly relying on the scientific guide of the theory of building socialism with Chinese characteristics will we be able to correctly handle the dialectical relations among reform, development and stability, maintain and develop the momentum of economic and social

development, and handle and resolve new contradictions and new problems arising in the course of development. We are making vigorous efforts to promote the establishment and improvement of the socialist market economic system. What we are engaged in is something unprecedented. In the face of the change from the traditional highly planned economic system to the socialist market economic system, there are many things that we do not know and are not familiar with. New situations, new problems and new contradictions are emerging one after another. This requires that we make conscientious efforts to learn. To begin with, we must properly learn the theory of building socialism with Chinese characteristics because it is the scientific methodology for analyzing situations, studying problems and handling contradictions.

Comrade Deng Xiaoping not only provides us with a whole set of strategic thinking and theoretical viewpoint, but provides us with the scientific attitude and creative spirit of applying the basic stand, viewpoint and method of Marxism to study new situations and solve new problems. We must truly master this scientific attitude and creative spirit and apply them in practice. We must try not to be arrogant when faced with achievements and merit, not to be confused in the face of difficulties and problems, and not to be pessimistic in the face of shortcomings and deficiencies, and must do solid work in all aspects of reform, development and stability. In carrying out reform, we not only must press forward in the face of difficulties, work with perseverance, and show courage in experimentation and innovation, but must act with prudence and in a truth-seeking way, carefully organize everything and pay attention to results. We not only must make sustained efforts, but must show a sense of urgency, grasp the opportune moment, conscientiously implement the various reform decisions of the Central Committee, and ensure the establishment of a preliminary socialist market economic system before the end of this century, in order to provide an important guarantee for the realization of the second-step strategic objective and create a favorable foundation and favorable conditions for the establishment of a more mature and permanent socialist system and for faster and better social and economic development in the early part of the next century.

In striving for development, we not only must pay attention to economic growth rate and volume, but must pay attention to the quality and economic benefits of development. We not only must promote faster and better economic development, but must push forward all-round political, social and cultural development and ensure the coordinated development of the three major industries, the coordinated development of regions of differing conditions, and the coordinated development of town and country, as well as the coordinated development of material progress on the one hand and cultural and ethical progress on the other. At the same time, we must concentrate more energy on the tackling of



major problems that affect not only reform and development but also the stability of our society, conduct in-depth studies on and properly handle problems of universal concern to the people, grasp well the principle of combining fundamental interests with immediate interests, grasp well the principles of overall benefits for the masses and overall tolerance by the masses, and make sure that as many people as possible can benefit from reform and development.

We must also conduct thoroughgoing and meticulous ideological and political work, expose and strike blows at thinking and deeds that are harmful to peace and unity, effectively maintain social stability, and guarantee the smooth implementation of various reform measures as well as the smooth development of the economy.

Only by firmly relying on the fundamental guideline of the theory of building socialism with Chinese characteristics will we be able to do a good job of party building. The success or failure of our efforts to achieve socialist material progress as well as cultural and ethical progress depends on our party, on whether our party is strong. The CPC shoulders a solemn historical mission. The burden is heavy and the road is long. We must have a profound grasp of Comrade Deng Xiaoping's important expositions on the building of the ruling party during the new period, fully implement the spirit of the "Decision" adopted at the Fourth Plenary Session of the 14th CPC Central Committee, pay greater attention to the upholding and improvement of party leadership, insist that the party must attend to party affairs and be strict in running its affairs, and effectively strengthen and improve party building.

The key to strengthening party building is to strengthen the building of leading bodies and the ranks of cadres at various levels. With the interests of the whole situation and the long-term strategy in mind, efforts must be made to improve the quality of party members and cadres in an all-round way, energetically cultivate outstanding young cadres of both ability and integrity, continuously strengthen the rallying force, appeal and combat-effectiveness of grass-roots party organizations, and fully bring into play the role of party organizations and the vast numbers of party members as fighting bastions and exemplary vanguards in deepening the reform, promoting development and maintaining stability.

While strengthening the ideological and theoretical building of the party, it is necessary to attach great importance to organizational and institutional building, use scientific and healthy systems to standardize the actions of party organizations and party members, eliminate the roots of corruption, and effectively prevent and overcome unhealthy practices within the party. In order to uphold and strengthen democratic centralism and better bring about the integration of centralism based on democracy and democracy under the guidance of centralism, it is particularly necessary at present to emphasize the need for the whole party to submit to the Central

Committee and to safeguard and strengthen the authority of the Central Committee. In this way it will be possible to effectively arouse the initiative and creativeness of party organizations at various levels and of the vast numbers of party members, most fully organize and centralize the aspirations, wisdom and strength of the whole party for the realization of the party's tasks, and provide a reliable guarantee for the maintenance of the continuity and stability of the party's line, principles and policies and for the long-term peace and security of our party and country.

In strengthening party building, the most important thing is that we must ensure the all-round and accurate implementation of the party's basic line for the initial stage of socialism and see to it that this line is steadfastly upheld for 100 years. The basic line of "one focus and two basic points" was formed and determined under the guidance of the theory of building socialism with Chinese characteristics, and is also the concentrated expression of this basic theory. Only by steadfastly upholding the theory of building socialism with Chinese characteristics will we be able to steadfastly uphold the party's basic line. Our party's ideological, organizational, institutional and work style building must accord with and reflect the spirit of this line. The merits or demerits, success or failure, of various aspects of our party building must be judged according to the effectiveness of the implementation of the basic line.

In order to apply and rely on the theory of building socialism with Chinese characteristics, it is necessary to make a very good effort to study this theory well. Conscientiously studying the theory of building socialism with Chinese characteristics, arming the whole party with this theory, and educating the vast numbers of cadres and the people in this theory is a long-term strategic task of far-reaching significance which has a vital bearing on the overall situation. Since the 14th CPC National Congress, and particularly since the publication of Volume 3 of *Selected Works of Deng Xiaoping*, a mass campaign with leading cadres taking the lead to study theory has been developing. Never in recent years has the party seen such a gratifying situation in the study of theory. The theory of building socialism with Chinese characteristics is striking root in the hearts of the people. We have made a good start.

However, we must not be content with what we have achieved and mark time. Rather, we must seize the opportunity, act according to circumstances, and adopt effective methods and measures in order to develop study, research and propaganda in depth. In studying theory, we must firmly grasp the primary and basic question of what is socialism and how we should build socialism, and firmly grasp the gist of emancipating the mind and seeking truth from facts. We must carefully study *Selected Works of Deng Xiaoping* and, on the basis of correctly mastering the scientific system of this theory, fully apply its Marxist stand, viewpoint and method in studying and handling practical problems, and establish

the fine style of studying theory with practical problems in mind and relying on theory as our guide in the solution of practical problems. We must integrate theory with practice, combine study with practice, and study for the purpose of application. The theory of building socialism with Chinese characteristics originates from practice and serves practice. It will remain forever youthful and continuously enrich, improve and develop itself through the rich and variegated practice of building socialism.

We are slowly beginning to conquer the impregnable pass. During the period of democratic revolution, our party understood and mastered the laws governing the Chinese revolution and laid down a general line for the new democratic revolution that conformed to China's reality, thanks to which the revolution developed with an irresistible force and won one victory after another. During the period of socialist revolution, our party ultimately found a basic theory and basic line that was in keeping with China's national conditions and the needs of the times after suffering repeated failures and setbacks. Thanks to this, the People's Republic embarked on an ever-widening road. We are convinced that by following this thoroughfare, and after a few more decades or over 100 years of unremitting efforts, we will definitely be able to realize the grand objective of building a prosperous, democratic, civilized and modern socialist country. The Chinese nation will definitely be able to score more brilliant achievements under the banner of building socialism with Chinese characteristics, and socialism will definitely be able to score more brilliant achievements on the basis of the all-round invigoration of the Chinese nation.

Let us hold high the brilliant banners of the theory of building socialism with Chinese characteristics and the party's basic line, rally closely round the CPC Central Committee with Comrade Jiang Zemin as the core, brave the wind and the waves and advance toward an even brighter future for the PRC.

#### Development Thought Outlined

HK0711080194 Beijing ZHONGGUO GAIGE in Chinese No 9, 13 Sep 94 pp 13-16

[Article by Huang Zhaolin (7806 0340 2651): "Comprehensively Understand and Correctly Grasp Deng Xiaoping's Thought on Development"]

[FBIS Translated Text] Comrade Deng Xiaoping's comprehensive and profound theory on building socialism with Chinese characteristics has substantial content, and his thought on development is a main theme that runs through the theory. Comrade Xiaoping has been following the country's economic development and comprehensive social progress with close interest at all times. In Volume III of the *Selected Works of Deng Xiaoping* in particular, the issue of development occupies an exceptionally important place. Comrade Deng Xiaoping's brilliant expositions on the issue of development are a

new contribution to the Marxist outlook on development, as well as a scientific answer to a series of major questions concerning the methods China should adopt to forge ahead toward its fixed target with better and faster results at the initial stage of development of socialism. A comprehensive understanding and correct application of Deng Xiaoping's thought [deng xiao ping fa zhan si xiang 6772 1420 1627 4099 1455 1835 1927] on development is of great significance to consolidating and promoting the present favorable situation.

**I. "Development is the last word" is a scientific conclusion drawn by Comrade Xiaoping from the law of historical evolution and current opportunities for further development.**

Viewing the issue of development from a high strategic plane, Comrade Deng Xiaoping stressed that the key to solving all problems in the country is to rely on our own development. He noted that "China's main objective is development"; since development is just like "a boat sailing against the current which must forge ahead or it will be driven back," "an unduly slow development is not socialism," "development is the last word," and "it will be a dead end if we fail to uphold socialism, fail to carry out reform and opening up, fail to boost our economy, or fail to improve the living standards of our people." It can be said that all these are scientific conclusions drawn by Comrade Deng Xiaoping from his profound knowledge of contemporary China and the world, and from his deep-going summarization of history. Surpassing the overelaborate demonstration usually employed by logical thinking, his simple and unadorned remark that "development is the last word" serves as a concise and comprehensive proof of the objective necessity of development.

1. *Development is one of the main themes of today's world.* Comrade Deng Xiaoping said with certainty as early as in the early 1980's: "Peace and economy, that is to say peace and development, are two major issues of a global strategic importance that really concern today's world." Peace and development have replaced war and revolution to become the two major themes of our times. Comrade Deng Xiaoping's scientific analysis and correct judgment on the changing themes of our times since the end of the 1970's have served as the prerequisite and the foundation stone for his own thought on development. Moreover, he has also used the four words "East, West, South, and North" to sum up the issues of peace and development. Issues between the East and the West are related to peace, while those concerning the South and the North are linked to development. Peace serves as an important precondition for development, while the latter is a common target pursued by peace-loving people all over the world. He believed that although the threat of a world war still lingers, peace-defending forces are now dominating the world, factors checking that war are growing, and maintaining world peace is a general trend; therefore, development can enjoy sound guarantees.



China continues to be, as always, the advocator and practitioner of world peace and development. As a matter of fact, based on the new changes of our times, the readjusted world setup, and the country's new situation, Comrade Deng Xiaoping's strategic concept of "East, West, South, and North," as well as his much-emphasized concept that "development is the last word" are tantamount to an announcement of the arrival of a new historical era, and more precisely, a rare development opportunity for China.

*2. Development is a heavy responsibility entrusted to us by history.* The global-scale advanced development is a challenge to us. If China fails to boost its economy or enhance its comprehensive national strength, no one will take seriously China's stance on international affairs; moreover, a backward country is bound to be bullied and humiliated by others. Over the past century after the Opium War, the Chinese nation was always oppressed and trodden down by Western powers, and the series of unequal treaties signed between China and Western powers are irrefutable evidence of China's past backwardness and vulnerability to attack. After the founding of New China, especially over the past more than 10 years of reform and opening up, China's economy has undergone rapid growth, its comprehensive national strength has been enhanced considerably, and the country is now enjoying a favorable situation characterized by political stability, economic boom, national unity, and social progress. However, if we analyze China's present state from the angles of modernization, the world, and the future, we will realize that China should still be considered a "small country" which remains quite backward in many ways. Judged from China's realistic situation, the country's biggest backwardness is its backward productive forces. In this sense, "we are still unqualified to be a world citizen." The reason Comrade Xiaoping has always regarded development as a central issue, and even approached it from the high plane of the success or failure of revolution and construction, is that productive forces are the final decisive force for the constant development and progress of human society, and that the development level of a country serves as a major bargaining counter deciding the international standing of the country. China has to speed up its development if it wants to enhance its comprehensive national strength in the shortest possible time, gain its foothold in the international arena, and turn itself into an important force in safeguarding the rights and interests of the vast numbers of Third World countries. Therefore, accelerating development is the requirement of our times, and also a heavy responsibility entrusted to us by history.

*3. Development is a fundamental requirement of socialism at its initial stage.* Comrade Deng Xiaoping's thought on development is based on China's present national conditions. With a realistic and practical knowledge of China's national conditions, he pointed out that our fundamental task at the initial stage of socialism is to

emancipate and develop the productive forces. He specially stressed that to acquire a correct understanding of our national conditions, we should not only see our advantages but, more importantly, be aware of our disadvantages as well. China entered socialism on a semi-feudal and semi-colonial foundation dominated by a small-scale peasant economy, and therefore it now lags far behind advanced capitalist countries in the development level of the productive forces. It is precisely because of this that the main contradiction facing China, which is at the initial stage of socialism, is not class struggle but the rejuvenation of the nation. The survival and development of our nation is a contradiction currently existing between the nation's backward reality and its strong desire for a rapid take-off.

This contradiction determines that only when we successfully emancipate and develop the productive forces on a constant basis can we satisfy the growing needs of our people for better material and cultural lives. Only development can enable the masses to draw benefit from the superiorities of socialism in the practice of reform, and to take more conscious actions. Comrade Xiaoping warned us: "Nowadays, a number of our neighboring countries and regions are attaining a faster economic growth than China. If we fail to develop our economy or if we develop our economy at an unduly slow pace, troubles will arise once our people make a comparison." For this reason, "the basic line must remain unshaken for 100 years, for the people will only believe and support you if you uphold this basic line. Whoever wishes to change the line, principles, and policies adopted since the Third Plenary Session will be disapproved of and overthrown by the common people." Therefore, only when we concentrate our efforts on expediting development and try our best to do our work well can we show the world in a more convincing way that the socialist system is superior to the capitalist system.

**II. Development as a whole is not a single-item breakthrough in a particular field, but the comprehensive progress of the entire society.**

Comrade Deng Xiaoping's thought on development has two distinctive features: The first is that development must center around economic construction, and the primary task of development is to vigorously develop the productive forces and to help our people extricate themselves from poverty and become prosperous as soon as possible. The second feature is that we are required to pay persistent and simultaneous attention to two types of work in order to bring about a comprehensive development to the building of both material and spiritual civilizations. That is to say, development has a comprehensive nature and, at the same time, it has its focal points; therefore, development can be said to be a unity between the theory of two aspects [liang dian lun 0357 7820 6158] and the theory of one focal point [yi dian lun 0001 7820 6158]. Between the two distinctive features exists an inner relationship of mutual restriction, a mutual guarantee, and mutual promotion.



*First, development must center around economic construction.* To Comrade Deng Xiaoping, economic development serves as the prerequisite for comprehensive social progress. If we fail to achieve success in economic construction, other constructions will lose the basis for their existence. He pointed out in explicit terms: "Under the conditions of the proletarian dictatorship, our failure in bringing about modernization, enhancing the level of science and technology, promoting the productive forces of society, reinforcing our national economic strength, and improving the material and cultural lives of our people will lead to a situation wherein the socialist political and economic systems cannot be fully consolidated and the security of our country will lose its reliable guarantee." This is a concept on development Comrade Xiaoping put forward in the light of the essential characteristics and the rules of development of socialism.

The prosperity of a country and the well-off life of its people, in the final analysis, depend on the country's efforts to develop its productive forces and reinforce its economic strength. It is exactly from this understanding that the party Central Committee has drawn up a "three-step" strategy for the development of the country, fixed it as a major indicator to quadruple the 1980 GNP, and regarded it as a task of primary importance to extricate our people from poverty and help them become prosperous.

To reach this goal, Comrade Deng Xiaoping placed stress on two basic ideas: One is to link development with the socialist cause. He explicitly pointed out: "We must uphold socialism. To build up socialism which is superior to capitalism, we must first extricate ourselves from poverty." "In the final analysis, the superiority of socialism is displayed by the fact that socialist productive forces can undergo a faster and more advanced development than those of capitalism." The basic point of Deng Xiaoping's thought on development is, through efforts to center development around economic construction, to link the socialist cause with the modernization drive of which industrialization is a major indicator. The second basic idea is that the purpose of building China into a powerful country is to make our people rich and prosperous. Being a great proletarian revolutionary, Comrade Deng Xiaoping's biggest concern is the interests of the vast numbers of masses; and when analyzing and tackling problems, he always proceeds from the interests of the people and sets them as the highest standards to achieve. It can be said that the idea of making the people rich and prosperous is both the starting point and the final target of Deng Xiaoping's thought on development. Instead of stressing in a vague and general way that China's modernization drive must closely center around economic construction, he has repeatedly emphasized the point that the development of the productive forces is aimed at improving the living standards of the people, and is the fundamental way to help the people extricate themselves from poverty and become rich. If the efforts to extricate the people from poverty are said to reflect a common process undertaken

by countries under different social systems in their drive for modernization, then we can say that the idea of heading for common prosperity shows the essential distinction between Deng Xiaoping's thought on socialist development and thought on non-socialist development. In other words, the purpose of our development of the productive forces is to improve the living standards of the majority of our laboring masses; that is, through emancipating and developing the productive forces, we aim to eliminate exploitation and polarization, and finally realize the goal of common prosperity.

*Second, only a well-coordinated political, economic, and cultural development can bring about a comprehensive progress to society.* Development is the unity of prosperity, democracy, and civilization. Comrade Deng Xiaoping believes that the development of a society is, as a whole, a process of historic changes. Therefore, when drawing up our strategy for future development, we must make sure that although it has different focuses during different periods, development should not be limited to the development of productive forces only. What China's modernization drive is pursuing is a comprehensive progress of society. The tasks of our modernization drive are many-sided, and "all social sectors must play a part in bringing about a comprehensive balance and refrain from having a one-track mind."

First, economic development must go hand in hand with political development. According to Comrade Deng Xiaoping, the socialist modernization drive we are currently engaged in is one which aims at catching up with advanced capitalist countries in the field of construction, creating in the political field a more advanced and more pragmatic democracy than that in capitalist countries, and bringing up a greater number of more outstanding able personnel than these capitalist countries. The reason political and economic development should be well coordinated is that political modernization is an indispensable guarantee for and an inexorable requirement raised by economic development. Whether or not economic construction can enjoy a sound political environment and highly efficient government organs is entirely decided by the building of democratic politics.

Second, economic construction should be integrated with cultural development. Cultural civilization mainly refers to the progress of science and knowledge, as well as to changes in people's thinking and their adoption of new ideologies. Its concentrated expression is the spiritual civilization of a society. It is the stress of Comrade Deng Xiaoping's thought on development that two civilizations in the modernization drive should advance side by side. He pointed out the need to "pay simultaneous and persistent attention to two types of work, attaching equal importance to both"; and the need, while building a high degree of material civilization, to enhance the scientific and civilization level of the entire nation, advocate a refined and colorful cultural life, and build up a high degree of socialist spiritual civilization.

Otherwise, if separated from the building of spiritual civilization, material civilization will become imperfect and less comprehensive.

**III. Development is a dialectical process of movement, and we must correctly handle the following relationships in practice.**

*1. The relationship between development and stability.* Development and stability is a dialectical unity. Development is both a target and an arduous historical process, while stability serves as the prerequisite and precondition for development. As a grand and arduous historical process, the development of socialism is propelled by basic social contradictions, namely, the contradictions between productive forces and productive relations and between superstructure and economic base. During the process of modernization, on the one hand, development must base itself on stability, for development can never be achieved without stability. By emphasizing that the basic line should remain unshaken for 100 years, Comrade Deng Xiaoping meant to maintain the stability of our society and provide development with a sound guarantee. On the other hand, development is the last word, and the purpose of maintaining social stability is to bring about a better and faster development. Therefore, any views that sever stability from development are incorrect. To carry out development under a stable environment, we must remove obstructions from both the "left" and the right. Of course, the stability we are talking about is not a passive stability of a traditional type, still less a stagnated stability. The stability we are striving for is a dynamic one achieved amid development, and only stability of such a nature can be considered a real stability. It should be our basic principle that problems cropping up in reform and development must be settled through a deepened reform during the process of development.

Take for example the problem of loss-making enterprises. The adoption of protective measures alone is by no means a permanent cure for the problem; the only solution is to push enterprises into the market and let them take part in market competition. From a long-term point of view, development is the last word; once we successfully promote our national economy, devote greater efforts to boosting agriculture and to improving the performance of state-owned enterprises, and increase the effective supply of the society, we will have more room to tackle contradictions and problems of all kinds. Many contradictions and problems can be readily solved once the society has a greater material and spiritual wealth, once the country becomes stronger and prosperous, and once our people become richer and better off. However, without a booming economy, you cannot begin to talk about seeking solutions to any problems.

*2. The relationship between speed and efficiency.* Speed without efficiency is a speed achieved at high cost, while efficiency without speed is a low efficiency; and neither are of any value to development. By putting forward the

idea of "seizing favorable opportunities and accelerating development," Comrade Deng Xiaoping calls for a rapid development with both efficiency and speed; in other words, a rapid and healthy development that can be sustained. Therefore, in our current economic work, first, we should respect objective law and "advance at a fast speed permitted by our ability." Comrade Deng Xiaoping noted: "Making no efforts to attain development is no socialism," and "neither is an unduly slow development." Therefore, "we should not stand in the way of any places that have the ability to attain further development; on the contrary, we should encourage places with the necessary conditions to try their best and advance as fast as they can." However, places which do not enjoy the necessary conditions at the present stage should not blindly seek "an impractical high development speed" or advance as fast as they wish to. "Wish" is a subjective desire, while "ability" tells us that we must respect objective law and proceed in everything from reality. To put it in more concrete terms, a place must proceed from its local subjective and objective conditions if it wishes to set a development speed that suits itself best.

Second, we should persistently center our work around the improvement of economic efficiency. We should, through deepening reform, change the operating mechanism, readjust the organizational structure, and strengthen the management of enterprises; improve the quality of workers and staff; and strive to achieve a fast speed supported by efficiency, the market, and potential for further development; in other words, a fast speed which enjoys not only a well-coordinated and rational product mix and industrial structure but also a highly efficient and well-ordered economic operating mechanism. The issue of speed and efficiency is one we have failed to handle appropriately in the economic work over the past many years. Some comrades tend to take a one-sided approach when they analyze the economic situation: They tend to rest content with the speed and the number of projects that they have started, but overlook the efficiency, that is, the need to enhance the quality of economic development. We must be aware that due to the weak economic foundation of our country, it is necessary to use mainly extensive reproduction to maintain a fairly high growth rate. However, under today's situation, characterized by a considerable investment scale and a fairly high investment rate, we must bring forward new ideas on development; persistently center our work around the improvement of economic efficiency; bring about a rapid economic development by relying on the application of scientific and technological progress and by enhancing the quality of laborers; and take the road mainly characterized by intensive expanded reproduction. Only by so doing can we bring a sustained, rapid, and healthy development to our economy.

*3. The relationship between balance and imbalance.* Balance is relative while imbalance is absolute. Being a unity between gradual movement and leaps, and



between a smooth advance and a tortuous process, the development of everything must go through a cycle of reciprocation from imbalance to balance and then from balance back to imbalance. This is the development logic of everything. Comrade Deng Xiaoping's thought on development has rigorously and scientifically revealed this inexorable historical logic in the socialist modernization drive, and we need to acquire a correct understanding and make proper use of this logic.

First of all, on the subject of development phases, we should acquire a correct understanding of and properly apply Comrade Deng Xiaoping's thought on a "terrace-type" development, and correctly handle the relationship between continuity and succession. On the one hand, we should seize favorable opportunities and ensure that our national economy can "take a leap forward and mount a new step every few years"; and on the other hand, "after every leap forward, we need to seek timely solutions to problems cropping up during the process," slow down relatively the development speed to allow all sectors to make appropriate adjustments and consolidate their work results, and then gather forces to advance again; in this way, we will bring about a wave-like advancement of the economy.

Second, on the time and place for development, we must act in accordance with Comrade Deng Xiaoping's development thought of "allowing some areas and part of our people to become rich before others"; and correctly handle the relationship between "getting rich first" and "attaining common prosperity," and between areas which take precedence in development and those which can only undergo development at a later stage. China is a country with a vast territory and its situation is complicated; therefore, according to Comrade Deng Xiaoping's concept of development, it is an objective reality that, due to their differences in geographic locations, natural resources, and social and economic foundations, some areas will attain a faster development than others. We should give vigorous encouragement and support to areas which take precedence in development; and meanwhile adopt a correct approach toward such imbalance during the development process, and correctly understand and handle the dialectical relationship between "getting rich first" and "attaining common prosperity."

At the same time, when encouraging areas and individuals with the necessary conditions to take precedence in development, Comrade Deng Xiaoping has repeatedly stressed: Our general principle is to "take the road of socialism and gradually realize the goal of common prosperity." This task is more glorious and more arduous. To Comrade Xiaoping, "getting rich first" serves as the precondition for "common prosperity," and is therefore restricted by the goal of attaining common prosperity; conversely, since it is attained on the basis that some areas get rich before others, common prosperity is also restricted by the practice of getting rich first. Allowing some areas to get rich first is the only way

to attain common prosperity, while the latter is an inevitable result of the former. It is precisely aimed at attaining the goal of common prosperity that we are making constant efforts to solve the problem of insufficient food and clothing, to bring our people a fairly comfortable life, and to achieve development at more advanced levels step by step. Therefore, on the one hand, we should be aware of the fact that it is impossible, during a certain period, for all areas to achieve simultaneous development and become rich at the same time. Yet, on the other hand, we must also guard against polarization and prevent the emergence of a wide gap between the rich and the poor.

In short, in a similar way to that in which he handles the relationships between speed and efficiency and between development and stability, Comrade Deng Xiaoping has consistently upheld the unity between the emancipation of the mind and seeking truth from facts when handling the relationships between balance and imbalance in development and between getting rich first and common prosperity. Only when we master the ideological weapons of emancipating the mind and seeking truth from facts can we acquire a comprehensive understanding and make correct use of the series of basic ideas and scientific conclusions of Comrade Deng Xiaoping on the issue of development.

#### Housekeeper Reveals Mao's Personal Expenses

HK0811091594 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0848 GMT 3 Nov 94

[FBIS Translated Text] Beijing, 3 Nov (ZHONGGUO TONGXUN SHE)—Wu Liandeng [0702 6647 4098], who had served as Mao Zedong's housekeeper since 1964, recently revealed the facts of Mao Zedong's family property in an article carried by Beijing's LAONIAN ZHOUBAO [Old Age Weekly].

Wu said: It really was me who took care of Mao Zedong's wages and warehouse. The warehouse was a room less than 15 square meters, and inside it there were several wooden wardrobes, which contained old and shabby clothes and the ordinary clothes waiting to be washed. There was no gold, silver, jewelry, or gifts from foreigners.

The payments for the articles written by Mao were kept by the office of the special committee in the central authorities, and we only handled his wages and Jiang Qing's, as well as daily expenses. At that time, Mao's monthly salary was 404.8 yuan, and Jiang Qing's was 120 yuan, which was later increased to over 300 yuan. Each month, Mao had to pay 10 yuan for the party fee, over 80 yuan for rent, water charge, and electricity fee, and about 100 yuan for food. Mao also had to take care of his daughters Li Min and Li Na, as well as Jiang Qing's elder sister, and each of these three persons needed a monthly living expense of 15 yuan, which later increased to 30 yuan. In addition, the children's transportation



fees, and fees for nutrients such as glucose, were all deducted from Mao's wages.

Mao also had two other expenses: Smoking and tea drinking, which were deducted from his wage. Therefore he did not have much left in his monthly salary.

#### **Journal on CPC Diplomacy, Market Reform**

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No 10, 5 Oct 94 pp 24-27*

[By Chang Mu (1728 3092), 15 September 1994: "CPC Seeks To Expand Prospects in Big-Power Diplomacy; Top Echelon Suggests Three Steps For Introducing Market Mechanism"]

[Text] The CPC high-level authorities are working hard to expand their diplomacy on the basis of Deng Xiaoping's "four noes" [si bu 0934 0008] "new diplomatic strategy" and have succeeded in opening up a new prospect.

The high-level CPC authorities believe that the objective of the economic reform is to achieve a transformation from a planned economy to a market economic system. A new socialist market economic system is expected to be completely established by the end of this century.

#### **Now Is the Time To Use the Term the Jiang Structure**

Held at a time when the CPC political VIPs are frequently visiting many countries around the world and foreign political VIPs are visiting Beijing one after another, the Fourth Plenary Session of the 14th CPC Central Committee and the 45th National Day celebration, both of which have attracted much attention at home and abroad, are a further reflection of the excellent conditions of China's reform, opening up, and economic boom. In fact, as China is getting stronger in various ways, its important position and influence in the world political and economic situation is becoming more outstanding. The international political arena, which used to be dominated by the United States and the former Soviet Union, has begun to show a tendency to shift toward the East. The potential new triangle of China, the United States, and Japan and the rivalry and mutual checks and balances between them are going to have an increasing impact on the development of today's world.

What attracts attention is that CPC General Secretary Jiang Zemin, after five years of familiarizing himself with and getting to know the Army, has finally succeeded in gaining control of the Army which Deng Xiaoping had handed down to him. From his attending the informal summit of Asia-Pacific countries in Seattle toward the end of last year; to his visit to Russia, the Ukraine, and France in early September this year; and a series of important speeches on diplomatic policy he delivered, all the signs indicate that he has also become a leader of the line China takes in handling diplomatic affairs. Earlier, when Premier Li Peng took delegations abroad, Jiang Zemin was always there personally to see him off

and meet him on his return. Previously, this has been taken on by other members of the Political Bureau Standing Committee. Furthermore, the vital importance of Jiang Zemin's visits abroad has been highlighted by Li Peng's send off and welcome back. Therefore, one can say that Jiang Zemin has become the core leader of the third-generation CPC leadership collective in every sense. Now is the time to use the term the "Jiang structure."

#### **New Diplomatic Strategy Oriented to the Next Century**

Deng Xiaoping has repeatedly emphasized the need to be prepared for danger in times of peace; to seek what is beneficial and avoid what is harmful; and to create a favorable international environment for economic construction. It is necessary to operate from a strategically advantageous position; have vision; refrain from practicing hegemonism, invasion, territorial aggrandizement, or establishing spheres of influence; and formulate a diplomatic strategy that is oriented to the 21st century.

Over the past five years, the CPC has experienced twists and turns in the fast changing international political arena, from receiving sanctions to fighting them off, opening up new prospects, reestablishing its image, and developing an omnidimensional diplomacy. The improved situation it is now in is undoubtedly a result of gradual progression in diplomatic affairs alongside the rapid growth of its economic strength.

In today's international political arena, where the United States dominates and economic powers are moving ahead side by side, the handling of international affairs is conditioned by a complex situation of entangled interests. The five permanent members of the United Nations Security Council are facing the urgent job of admitting Japan and Germany. The CPC maintains that this is an important landmark of a bipolar world moving toward a multipolar world. Because of the quick rise of the Pacific Rim economies, U.S. economic interests in Asia have begun to exceed those in Europe and the focus of its diplomatic strategy has also shown signs of a gradual swing to the East. At the end of last year, U.S. President Clinton suggested establishing a "new Pacific community" in Seattle. The next round of summit meetings soon to be held in Jakarta will unquestionably become an important international event of the year, sure to attract attention from the world over. The United States, as the only superpower in today's world, is still exercising enormous political influence but its "punitive sanctions" against Western Europe, Japan, China, and other parts of the world often meet with a strong backlash and objections. Japan, economically equipped to match the United States, has, with the support of the European Community, turned down the U.S. request for negotiations on clarifying import quotas. Many countries and regions are rather put off by the United States practicing economic hegemonism. The dramatic increase in the trade between China and Japan is a reflection of this tendency.

Today, China's enormous market potential has been acknowledged by all countries the world over. They are

most optimistic about China's prospects against the background of the current economic development in the Asia-Pacific region. One can say that the interaction between China, the United States, and Japan will make a decisive impact. As Pacific countries, their requirements on benefits, their common interests, and their historical origins and old scores make them share certain things, depend on one another on certain points, yet reject and oppose each other on other points. This determines that the three of them are a typical grouping of competitive partners.

Since the beginning of this year, the CPC political VIPs, including Jiang Zemin, Li Peng, Qiao Shi, Zhu Rongji, Liu Huaqing, Zou Jiahua, and Qian Qichen, have all paid visits to leading countries in both the East and the West. In particular, marked progress has been made in improving China's relations with bordering countries and all important countries. Besides the consolidated ties between China and Japan, separated only by a narrow strip of water, China's relations with European countries have also been restored through a series of events, from the barrier-breaking move by Germany to the recent exchange of visits between Chinese and French politicians. One can say that Jiang Zemin's recent visit to France ended a five-year suspension of visits to France by Chinese leaders. During the visit, the two sides signed economic and trading agreements worth 18 billion francs. Prior to this, the U.S. secretary of commerce, Mr. Brown, signed agreements worth \$5 billion during his visit to China. These not only displayed the enormous market which a country with a population of 1.2 billion has, but also indicated China's posture on adhering to the reform and opening up and developing trade and economic cooperation with Western powers.

There is an exception, however. Though British Prime Minister John Major has visited Beijing, the hard-to-settle differences on some aspects concerning the return of Hong Kong's sovereignty to China has obviously hampered the trade and economic exchange between the two sides.

#### **Pushed By the U.S. Business Community, U.S.-Chinese Trade Has Grown**

Thanks to energetic pushing by the U.S. business community, Clinton finally announced that the most-favored-nation status for China would be delinked from the human rights issue, bringing a significant turn and improvement to the bilateral relations. It is learned that McDonnell Douglas, headquartered in California, over the years laid off three-quarters of its staff through lack of orders. In February this year, Clinton grabbed from the French, Saudi Arabia's \$6 billion order for 50 aircraft, saving the company from bankruptcy. But the Boeing Company in Seattle, on the other hand, has been steadily flourishing with its brisk business transactions with Chinese aviation companies. By an expert's estimate, in the coming 15 years, the 39 newly opened air

routes alone will require an additional of 1,200 aircraft of various types, worth a total of \$90 billion, i.e., \$6 billion per year on average. This single market capacity is remarkable enough. The construction demand in other areas and the demand for consumer goods on the market, including high-grade home appliances, interior decorations, and private cars will also soar in the near future.

Today, hundreds of big companies in the United States have come to China to set up enterprises and offices to do business. Clinton claimed: "Our relations with China are important to every American. China has an atomic arsenal; has the right to vote and the right to veto in the UN Security Council; and is an important factor in Asian and world security." He believes that maintaining a cooperative relationship with China "is in line with the strategic interests, economic interests, and political interests of both the United States and China."

#### **International Tendencies Are Most Noteworthy**

The high-level CPC authorities pointed out that there are three noteworthy developments in the current international situation: First, the world is moving toward multipolarization whereby various forces are dividing and recombining. The economic frictions between the Western nations, including the United States, Europe, and Japan, in their race on the world market and the conflicts which keynote the international affairs among them are aggravating. The United States' status as a superpower is waning. Second, the role of economic factors in international relations is of growing importance and has become a key factor in influencing international relations. Third, the world situation on the whole has been moving toward detente but regional clashes are constant.

There is no denying that the CPC authorities who emphasize concentration on economic development are working hard to create a peaceful environment for development and avoid taking sides with any particular party to any conflict. Apart from expressing their diplomatic stand and opinion, they have so far not even once used their right to veto. Instead, they have been undergoing self-imposed hardships [wo xin chang dan 5257 5647 0863 9116] in order to strengthen themselves and get ahead over a period of time. The CPC has repeatedly stressed "orientation to the 21st century" and the need not to fuss about gains or losses over single events. Their purpose is to truly build up China's national strength before the end of this century and then be able to play an important role and exercise an important influence in international affairs with their back straightened. This is in conformity with Deng Xiaoping's instruction of hiding their capabilities and biding their time.

#### **Institutional Reforms Continue; Government Administration Is Expected To Separate From Enterprise Management**

In the economic structural reform, the goal set by the high-level CPC authorities is to achieve the transformation from a planned economy to a market economic



system. The new system will be such an economic system that integrates the basic system of socialism with the market economy in an organic way whereby, under macroregulation and control by the state, the market mechanism plays a fundamental role in the disposition of resources and a high degree of balance between efficiency and fairness can be achieved. To this end, government departments and individual enterprises will no longer be in an administrative relationship as between a superior and a subordinate. This makes it imperative to change the direct management of the productive and marketing behavior of subordinate enterprises, which has always been the case, into overall planning and coordination for the development of each industry as a whole and achieve the goal of regulating and controlling the behavior of enterprises through the agency of market so that they are in line with the overall development of the national economy.

What is important to note is that a true materialization of the reform aimed at separating government administration from enterprise management is bound to involve the change of function and institutional adjustment of departments that hold authority, which in turn brings the government management system to face once again the need for further reforms. However, at present, the massive economic management sector and the cadre contingent concerned in the government set-up cannot stop exercising direct management and intervention over the enterprises in the industries concerned on a microeconomic scale. According to some authoritative sources, it is imperative to remove or merge specialized economic management departments in a planned and step-by-step way and gradually let trade associations take up the function of trade management. Meanwhile, according to some leaders in the State Council, the state civil service system which is to be introduced on a nationwide scale within three years must also be strengthened, updated, and its vitality maintained; and cadre training programs must be run all across the country. Recently, state councillor Li Guixian was appointed to a concurrent position of president of the State Institute of Administration.

It has been learned that national companies under the State Council are also expected to become real economic entities gradually, letting trade associations take up the function of management in related industries. This has become an important item on the agenda of establishing a modern enterprise system.

#### **Changing Administrative Management Into Trade Management**

Trade management is claimed to be an integration of macroregulation and control with microeconomic behavior; and an important safeguard for achieving the conditions whereby "the government regulates and controls the market and the market guides the enterprise." The scope of management is no longer just the state enterprises subordinate to government departments but

covers all enterprises under varied ownerships within each industry. Such management is no longer exercised simply by issuing administrative orders but through a type of management which makes overall plans, serves, and coordinates. It has been learned that there are now over 160 national industrial trade associations in China, covering over 70,000 enterprises. They are very different from one another in terms of the effect of management and the scope of influence. The National Textile Association and the National Light Industries Association under the State Council not only run on complete systems at all strata but also command a powerful government management function. However, some other associations have limited functions other than playing certain roles in quality appraisal and information exchange, leaving other aspects to be taken care of by government departments.

Undoubtedly, to change the management by government departments to trade management involves various parties and is a complex systems engineering project. Authoritative experts have advised the State Council to set up an institution for researching and guiding trade management. The Ministry of Machinery Industry, headed by He Guangyuan, has taken a step ahead and gained successful experience in the conversion of its operational mechanism and experimenting on trade management.

#### **Reinstitute Price Control Bureaus; Keep a Firm Control on Price Increases**

China's economy is now entering a new period of fast growth and overall structural change. The process of introducing a bigger role of market and currency in the national economy is also speeding up. Because of the underdeveloped legal system and a competitive mode of development, the inflation triggered by price hikes has stayed persistently at a high rate of around 25 percent and efforts to push it down have not been successful so far.

The high-level CPC authorities have made up their minds to restore the independent institution of state price control bureaus and strengthen macroregulation and control on the one hand; on the other hand, they are demanding that all localities take firm measures to bring down prices, especially the prices of foodstuffs which have a direct bearing on the daily lives of the public. The high-level CPC authorities emphasize that the stability of commodity prices is an important contributor to economic and social stability. Stabilizing the market and keeping prices under control is a key link in the correct balancing of the reform, development, and stability. It is imperative to adhere to the principle of integrating "regulation, decontrolling, and control," so that regulation and decontrolling are not free from control and that decontrolling will not cause chaos and control will not cause rigidity. In the regulation and decontrolling of prices, different reform measures should be taken according to the nature and state of different commodities and services. Even after the price reform has been completed,



the state will maintain various forms of control over the prices of those commodities and services that are of a monopoly and welfare nature, instead of letting everything run their own course. Li Peng has publicly announced that no more price reform proposals will be promulgated next year which will concern the overall situation and affect the people's livelihood; efforts will be concentrated on microeconomic reforms.

What the CPC is most concerned about now is how to carry out the enterprise reform in a smooth way. Zhu Rongji once mentioned that with the deepening and development of the reform, some enterprises might go bankrupt and close down and new unemployment problems may emerge. A fundamental solution to this problem is to establish and improve the social employment insurance system. We must not blindly develop production in order to guarantee full employment. If projects are started blindly with no regard to cost-effectiveness, though jobs can be created this way, the products may be unsalable, there is no money to pay the workers, and the enterprises still have to live on bank loans. This is worse than not having these projects and simply living off social relief facilities. Naturally, the state should be able to offer minimum subsistence relief, or else enterprises would not have the incentive to exercise effective management and improve production efficiency.

#### The Coal Industry Is Facing Big Layoffs

It has been learned that such big problems can be found in the coal industry. According to the requirements for establishing modern enterprises, one-half to two-thirds of the 7 million coal industry workers nationwide need to be laid off. Last year, the CIF [cost, insurance, and freight] price of standard coal in Hainan Province was 300 yuan per tonne, which was about \$50 according to the exchange rate at that time, but the price of the coal imported from Australia was only \$30 per tonne and the total unit cost including the \$10 freight charge was \$40. Many mines in China have the same extraction equipment as mines in foreign countries but they are staffed by eight to nine times more. This shows that the enterprise reform has no prospect if the mining work force is not reduced. The State Council has decided to withdraw administrative subsidies over a three year period and bring coal production into the market. This means the coal industry is facing large layoffs. The difficulties involved can be envisaged.

The Ministry of Labor recently founded a social insurance bureau which runs under the management system of separate social insurance administration and social insurance fund management. In the future, the coverage of endowment insurance will be expanded and all urban workers will be able to enjoy the benefits of such insurance. A uniform fund mode will be established whereby the basic endowment insurance will be under overall social planning and the portion contributed by enterprises will be entered into individual accounts. The endowment insurance for the workers of enterprises

under central ministries will be managed, industry by industry and level by level. The personnel, money, and affairs involved will be managed in a centralized way under a central regulatory fund system.

#### Three Steps in Six Years; Introducing New Mechanism in the Market

According to sources, the CPC will complete the establishment of the market economic mechanism in three steps. The first step is to preliminarily form the basic framework of the new system this year and next year, while gradually converging with the international market. The second step is to introduce a new economic operational mechanism by 1997 whereby the state assumes the function of macroregulation and control and the competition on the market is fair. Efforts will be made to separate government administration from enterprise management by adjusting the legal system and the actual operation of the economy, so that enterprises can operate with decisionmaking power in their own hands and an effective bankruptcy mechanism and social security mechanism can be established. The third step is to complete the establishment of a new socialist market economic system by the end of this century. This decision may be put forward at the Fourth Plenary Session of the 14th CPC Central Committee.

#### Article Sets Out Treatment of Young Cadres

HK0711081694 Beijing RENMIN RIBAO in Chinese  
31 Oct 94 p 5

[Article by Luo Liangyang (5012 5328 0111): "Several Questions of Understanding Which Must Be Further Solved in Selecting Young Cadres"]

[FBIS Translated Text] How to effectively forward progress in making cadres younger in age so as to meet the needs of the new situation in building the socialist market economy, is an important issue that has a bearing on the overall situation. The Decision of the Fourth Plenary Session of the 14th CPC Central Committee indicates that it is imperative to further raise and temper thousands of middle- and senior-level leading party cadres, and especially to bring up and select a large number of young cadres who possess both political integrity and ability in order to form them into leadership tiers that resolutely take the road of building socialism with Chinese characteristics, good at studying new conditions and resolving new problems, efficient, and full of vitality. We must earnestly study and profoundly grasp the spirit of the "Decision," firmly grasp the upbringing and selection of fine young cadres, and work hard to train a large number of qualified young people who are able to take up the great responsibilities straddling the new century.

#### Paying Attention to Grade, While Refraining From Putting It Above All Else

In a certain sense, a grade is precisely a period in the course of practice; by completing a grade, a cadre will

improve his talent and enrich his experience during that period of practice. The concept of bringing up and selecting cadres by going through several grades, and the recognition that the growth of every cadre must go through a process, fall entirely in line with Marxist theory on cognition. However, while adhering to the promotion of cadres one grade after another, it is necessary to pay some attention to dialectics, and to refrain from making the grade system rigid and absolute, while stressing "grade." Comrade Deng Xiaoping has stressed on several occasions the need to "break with convention," and "do away with outmoded concepts concerning grade, and create some new grades that meet the new situation and tasks; only then will it be possible to boldly promote cadres by waiving normal procedures." Practice in the selection of young cadres has taught us that as soon as one emancipates the mind, and breaks away from the old framework, qualified people will come into view.

#### **Respect Experience, but Refrain From Being Superstitious About It**

From the angle of experience, it is inevitable for young cadres to be lacking in this area. Primarily, however, experience is relative. Comrade Deng Xiaoping pointed out: "The question of whether or not one is experienced is simply a matter of comparison." One should not flinch from employing talented people because of concerns about their experience, or under the pretext of their lacking experience.

Second, experience can be accumulated; all experience is the outcome of practice. It is precisely young cadres' lack of experience that makes it all the more important for them to have heavy responsibilities pressed on them as early as possible, so that they can probe and accumulate experience through practice. Leadership experience can be acquired only when one takes up a leading post, and never before. An ancient saying goes: "The ability of a qualified person can be tested only by employing him." We cannot say that someone is not up to the requirements of a leading post before he is appointed to that post because that would fall out of line with the concepts in the Marxist theory of practice. Just as Comrade Deng Xiaoping put it: "True, he who is not in any particular office has nothing to do with plans for the administration of its duties, but as soon as people are put in those offices, they will improve themselves gradually."

Third, it is necessary to have a correct view of experience. Young cadres are still in the period of growth and development; we should see not only the accomplishments and experiences they have acquired already, but also their basic qualities and potential for development, as well as the value of their cultivation. Young cadres are vigorous and full of energy, well educated, courageous in blazing new trails, and free of any conventional restrictions; all this is precisely the starting point for us to employ qualified people today. It is imperative to encourage, guide, and make arrangements for young

cadres to temper themselves at grass-roots units, among the masses, at the forefront of reform and construction, especially in environment in which conditions are arduous or complicated.

#### **Attention Should Be Paid to Seniority, but More to Ability**

On the question of selecting cadres, whether it is "placing seniority above all else" or based on the criterion of "ability," there is already a conclusion: Everyone is equal before the lever. However, the concept and practice of giving priority to seniority in the selection of cadres remains a comparatively universal phenomenon in cadre work in some localities. Comrade Deng Xiaoping indicated sharply: "Giving priority to seniority in the selection of cadres is a habitual force, and a backward one at that." To a certain degree, the seniority of a cadre may reflect the degree of accumulation of his work experience, and importance should be attached to it. However, there is no definitive linkage between seniority and ability, and there is no equals sign between the two. In selecting cadres, we should not confuse respect for seniority and the criteria for cadres.

In addition, we should not regard assigning cadres to certain leading posts as certain rewards for cadres' seniority. When establishing leading bodies in actual work, some localities stress as a demarcation line the length of time one has been employed and the period one has been in office, as well as one's age. Consequently, one's post is determined by one's seniority. As a result, some young and talented cadres with outstanding accomplishments are excluded from the leading body, and even if some are included in it, they are placed far behind, for fear that their brief record of service and their tenderness will not deal with some overall situation. Thus, they are assigned some small jobs, holding a title without any obligations of office for a long period, while their roles are not given play.

Of course, for various reasons, the situation of temporary failure in dealing with some overall situation is inevitable when young cadres first take up some new leading posts. A solution to such failure lies chiefly in those comrades' own practice. At the same time, there is a need for party organizations to actively "help them." On the one hand, young leading cadres should be helped to familiarize themselves with the conditions as soon as possible so as to do a good job; on the other, more ideological work should be done among some people, so that they will treat young, newly promoted cadres correctly. Experience in practice has taught us that aside from their own efforts, the growth and elevation of new cadres are inseparable from the concern, care, and support of old cadres. Such being the case, both comrades on the job and old comrades who have retreated to the second line should regard this as their own sacred duty.

#### **Egalitarianism Is a Bad Habit**

The egalitarian social mindset originating from the backward ideology characterized by small business, and the



actual practice of "balancing" in work of cadres in some localities have directly affected and restricted the promotion of young cadres. In reality, it is not difficult for us to see that when a young cadre was mediocre and in a state of inertia, doing just a so-so job in his work, those around him would live together in peace, but when his work accomplishments stood out, with a momentum of "coming out on top," those around would not "try to equal him," but would become jealous of him, find fault with him intentionally, and engage in nit-picking. Some individuals would even disregard party discipline by starting rumors and slanders to stifle talented people. Consequently, "when one's career thrives, slanders will arise; high prestige is invariably accompanied by calumnies." In some people's eyes, people of the same generation should enjoy unanimity in everything, be promoted simultaneously, and "take the same train"; otherwise, no one should be promoted. It seems that only then will it be possible to achieve "balance." Such an understanding does not conform with the law governing the development of objective things, nor does it mean to bear in mind the need of the development of the party's cause. Invariably, the development of things is imbalanced, and difference is an objective existence. Only by acknowledging and showing respect for such differences will it be possible for us to feel the need to distinguish and select talented people, and to change the long-standing situation of "eating from the same big pot." In actual fact, there are always some outstanding comrades, who we must resolutely select so they may take up the responsibilities of leadership. The practice of some people leading others of the same generation, and even of the last generation, is inevitable at all times.

#### Attention Should Be Paid to Effects in Employing Cadres; Risks Should Not Be Avoided

Sensibly, paying attention to effect is inevitable in the exploitation, allocation, and employment of talented people as a kind of resource. "Bring up talented people with accomplishments as soon as possible"; "It is imperative to genuinely promote fine middle-aged and young cadres, and to do so quickly." These words have embodied Comrade Deng Xiaoping's thinking on the effects of talented people. The correct way of using people is to employ them in their prime of life. An ancient Chinese saying goes: "A bumper harvest is anticipated in the sweet smell of paddy fields, amid the croaking calls of frogs," which implies that when crops are flowering, it is the proper time to water frequently and apply fertilizer to the fields, while the joyous croaking of the frogs is an overture a bumper harvest. In actual fact, the "flowering season" in a cadre's growth is precisely the best time to use him, and timely employment is like watering and applying fertilizer to the fields simultaneously.

Thus a bumper harvest is ensured in both talented people and accomplishments. Otherwise, if the right time is missed, the best years of a cadre's life will be wasted, and sometimes the suppression of an individual

will dampen the enthusiasm of a number of people. If several years are missed, this will involve the waste of a whole generation. In a certain sense, the waste of talented people is the greatest waste, and the loss involved is often fundamental. Such being the case, "a thirst for talents" should be the basic requirement of our comrades engaged in cadre work. In weighing the political integrity and ability of a cadre under market economy conditions, it is imperative to see his actual accomplishments in implementing the party basic line. With the gradual establishment of the socialist market economy structure, the market will become an important means of tempering, selecting, and appraising cadres. The cold fact that an all-time winner in the market has never existed means that one has to run greater risks in selecting and employing cadres. Therefore, it is imperative to break away from the concept of seeking steadiness for fear of bearing responsibility, establish the concept that holding up talented people is a mistake, adhere to criteria, fear no risks, widen the way of employing worthy cadres, and refrain from sticking to one pattern in selecting qualified people.

#### Young Cadres Are Not Perfect

There never have been, and never will be any saints and sages or men of perfection, so how should we correctly view a person's merits, strong points, weakness, and shortcomings? First, they should be viewed in a dialectic way. More often than not, a person's merits and weaknesses, strong points and shortcomings coexist, while setting off each other. His merits often are as conspicuous as his shortcomings; the greater his merits, the keener his shortcomings make themselves felt. Second, strong points and weaknesses should be viewed historically. Any cadre—even a very fine one—should be assessed with a one-divided-into-two attitude. Inevitably, any person has limitations characterized by his times and understanding. Regarding the shortcomings and insufficiencies of a young cadre, these should be placed in certain historical context and social backdrop for study, with a fairer attitude to differentiate the main stream and the tributaries, the political integrity and trifles, with importance attached to political integrity. Third, strong points and weaknesses should be viewed in a comprehensive way. The nature of things is determined by the major aspect of contradiction. In employing cadres, we should look at his essential aspect. As for his minor shortcomings and errors, attention should be paid to educating, guiding, and helping him to overcome them with his strong points. Fourth, strong points and weaknesses should be viewed developmentally. All things exist in a process, and are always developing and changing. So are young cadres. It is necessary to look at a young cadre's past, but more so to view his present and future. If someone should negate his present and future with his past, that would be an obstinate prejudice against him, and would not be conducive to giving play to his enthusiasm. On the contrary, should someone affirm his present and future with his present, while believing that once he is fine, he will



always be fine, this will not be conducive to his progress, either. To view young cadres developmentally, it is especially necessary to be good at discovering the future "swan" among some "ugly ducklings."

The building of the socialist market economy structure, an undertaking unprecedented in history, requires our cadres to be courageous in blazing new trails, in experimentation, and in taking risks. To take "risks," the surfacing of some problems is inevitable. We can hardly imagine that there will be no risks and mistakes at all in doing something great. Comrade Deng Xiaoping indicated that "regarding those things done inappropriately, we should offer help with good intentions, too." Should we become "indifferent" toward someone who has made a mistake, or deal him a fatal blow, this will not be conducive to making the best possible use of him or of his talent, nor will it be conducive to giving a free hand to those comrades on the job to do big business. Practice has proven that the pursuit of a "perfect man" is a methodology characterized by metaphysics. Demanding perfection will result only in guiding cadres to follow rules docilely and to become overcautious in small matters. We should shape a common understanding, which is that: Bringing up cadres is the foundation for employing them; should we proceed from employing cadres, while neglecting their upbringing, this would be short-sighted. Only in this way will it be possible for us to unrelentingly grasp bringing up cadres as a basic task having a bearing on the overall situation. We should create an atmosphere, both inside and outside the party, which is that developing the economy is a contribution, and so is achieving social stability. Recommending and selecting young cadres, and offering one's post to the virtuous for the party and the people is also making a contribution, and the most long-range and loyal contribution at that.

#### Armed Police Force Discusses Party Building

OW0711144194 Beijing Central People's Radio  
Network in Mandarin 2230 GMT 6 Nov 94

[From the "News and Press Review" program]

[FBIS Translated Text] At a recent seminar on strengthening the building of party committees in armed police corps, it was proposed: The institution of the armed police should be kept in mind while studying in-depth the theory of building socialism with Chinese characteristics to guarantee and strengthen the building of party committees and to build party committees at all levels into combat command posts that have firm political belief, strong collective leadership, good unity, honest practices, strict self-discipline, and a thoroughgoing work style.

The meeting was an important move of the party committees of armed police corps to implement the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee. Secretaries and deputy secretaries from party committees of various armed police corps

and their academies have taken Deng Xiaoping's theory on party building as guidance, and considered the actual situation of armed police corps, while specifically discussing the new task of strengthening party building, particularly the building of party committees, under the new circumstances.

Ba Zhongtan and Zhang Shutian, respectively commander and political commissar of the Headquarters of the Chinese People's Armed Police Force, delivered reports on strengthening the building of party committees in armed police corps, and put forward four measures, including establishing and improving the responsibility system, for the building of party committees.

#### Department Refutes Religious Oppression Charges

HK0811054794 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1134 GMT 7 Nov 94

[FBIS Translated Text] Beijing, 7 Nov (ZHONGGUO TONGXUN SHE)—During an interview with our reporter, a person in charge of the relevant Chinese department pointed out that an ASSOCIATED PRESS report quoted by the Hong Kong media on "Beijing restricting religious activities" and "forcibly removing Li Dequan from his religious post" totally did not correspond with the facts.

An ASSOCIATED PRESS report on 29 October said that the Religious Affairs Bureau of the Chinese Government had ordered the removal of clergyman Li Dequan from his post at Beijing's Gangwashi Christian Church, thus evoking opposition from the Beijing Christians.

The relevant department pointed out: Li Dequan, 34, without a permanent occupation, is a Christian who was baptized in recent years. He has never attended an institute of theology or undergone any training on theology. He is not a "pastor in advanced years" at all, as the relevant report asserted. With such meager qualifications, he will not be ordained clergyman by the Chinese Christian Church, so there is no such thing as removing him from his religious post at all.

#### GUARDIAN Report on Prison Tea Farms Denied

HK081114294 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0739 GMT 8 Nov 94

[FBIS Translated Text] Hong Kong, 8 Nov (ZHONGGUO TONGXUN SHE)—A Hong Kong medium cited a report by Britain's THE OBSERVER as saying that China exports tea grown on reform-through-labor farms, and that one-third of China's annual production comes from prison farms. Answering the staff reporter's question today, the mainland department concerned said that the report is sheer guesswork, not supported by facts at all.

A report by THE OBSERVER alleged that an official of the Yingde reform-through-labor center in Guangdong reported that the products they produce for export include tea.

The mainland department said: The Yingde tea farm was turned over to the local authorities 20 years ago, and has since become a community tea farm. A large number of overseas Chinese was sent to settle on the tea farm in the late 1970's, and the farm was renamed the Yinghong overseas Chinese tea farm. Other tea farms in Yingde County with a name similar to the Yingde overseas Chinese tea farm are all community tea farms; they have nothing to do with reform-through-labor tea farms.

The department said: Only the Hongxing tea farm, which occupies very little land, is a real reform-through-labor farm in Yingde. Early this year, the Hongxing tea farm saw a visit by some U.S. Consulate personnel, and they did not find any problems regarding prison-made exports. Therefore, the report that the Yingde reform-through-labor farm exports prison-made products, including tea, is in fact, nonsense. Moreover, the report alleges that one-third of China's tea production comes from prison farms, and this is completely groundless.

#### Article Views Causes of Rising Crime

HK0711090194 Beijing FAZHI RIBAO in Chinese 19 Sep 94 p 1

[Article by Guo Daohui (6753 6670 2547): "Rule of Law, Rule of Ethics, Rule of Officialdom"]

[FBIS Transcribed Text] Recently, newspaper and television reports have disclosed a number of unlawful business practices of adulteration, such as putting old cotton, even stones, into new waddings and injecting water into hogs to increase their weight by 20 kg each. Earlier reports said that some people had been poisoned to death after drinking fake brand-name wine made of industrial alcohol, while others were killed by electric shock while using counterfeit famous-brand electrical home appliances of inferior quality. Shocking cases like these are by no means rare today.

The situation is the same on the other side of the Strait. According to a report carried by Taiwan's CHINA TIMES on 11 July, over 1,000 tonnes of horse and kangaroo meat Taiwan imports and processes every year as livestock feed is sold as beef to customers. Several counties have cracked cases in which lawbreaking businessmen sold large quantities of sick and dead hogs. Under the shadow of these cases, people in Taiwan have become extremely suspicious and feel very worried about the meat they have every day. The newspaper heaved a deep sigh: "What can one say now that our people have become so heartless and ruthless?"

It seems to me that the rampancy of crimes is not entirely decided by social systems of different nature. Once the market economy is practiced, there will unavoidably be evildoers who fear no gallows and will willingly gamble with their lives for doubled profits. Mao once said: "Because of the margin between buying and selling, many parasites have an opportunity to get into the

process of production and make use of this margin to reap profits." (Volume XIII of *The Complete Works of Marx and Engels*, p 88). This shows clearly that the study of the root cause of crimes should not be limited to the nature of the old society or to the mentality of law-breakers. The existence of commodity production, and circulation as well as the currency system will inevitably be accompanied by all kinds of illegal practices and crimes, including money worship and unlawful competition. What is more, so long as the "worst part" of this "scourge" remains untouched, namely the nation and state power as indicated by Marx and Engels, power corruption and the crime of "power-money deals" will have a chance to emerge. However, elimination of this negative side of state power is not a single day's work, and the "disappearance and death of nations" is, even more, something that will only happen in the distant future. Therefore, we still see the need today to strengthen state power when exercising macroeconomic regulation and control over certain fields.

This shows us that the absolute elimination of crime is impossible at the present stage. However, we should by no means slacken our efforts to fight against crimes for this reason. Instead, we should deal heavier blows at criminal activities during the "crackdown" campaign and never relax our will to fight. Yet, it will also prove incorrect if we only pay attention to ways of dealing with the aftermath of crimes to the neglect of taking precautions or adopting effective measures to bring about a comprehensive improvement.

Comprehensive improvement can be achieved in the following various ways: Enhancing the living standards of the people and guiding them to attain common prosperity; perfecting systems and stopping up loopholes; reinforcing legislation and enforcing laws strictly.... All of these are very important to bringing about a comprehensive improvement. Yet, a more important thing for us to do, in my opinion, is to mobilize and rely on the forces of society. It seems to me that the Taiwan newspaper went a little too far when it regarded "the heartless public" as the root cause of all crime, because such a charge offends the majority of society. However, calling greater attention to the cause of crime and making more thoroughgoing studies of criminal psychology and the general mentality of people in society can probably help us suit the remedy to the case.

I am not going to dwell here on criminal psychology, which is of a complicated nature and varies from person to person and from time to time. What I want to stress here is the present situation featured by the high incidence of major and serious criminal cases, unceasing pilferage, brazenly committed theft and robbery, and savage and cruel murders. Today, China's market economy is only at its initial stage and there is a long way to go to reach the final goal of civilization. Yet the greed of some upstarts has surpassed that of the exploiters during the period of the primitive accumulation of capital. I still remember that during the War to Resist



U.S. Aggression and Aid Korea, some unscrupulous merchants used either old cotton or cotton adulterated with rice straws to make cotton-padded uniforms and quilts for our army of volunteers; as a result, some of our volunteers were frostbitten and their fighting capacity was weakened. At that time, the malpractices of those profiteers were criticized as the "savage onslaught of the bourgeoisie." Yet, compared with the reckless crimes committed by today's lawbreakers, what lawbreakers of the older generation did in the past was far inferior in nature.

How has it all happened? Various individual factors account for the situation today, and I believe that certain social causes have also played a part in inducing an abnormal mentality in our people. Envious of the staggering profits reaped by others, some people have lost their psychological balance and have started to risk their lives for unlawful profits; and seeing corrupt officials abuse their authority for personal gain and even scoundrels making a lot of money, some people began to ask: "Even monks can take a share, why can I not?"

With regard to the general mentality of people in society, some people are filled with indignation at the sight of corrupt power and rampant criminal activities. As they reckon that they do not have the power to save this desperate situation, they begin to lose confidence in the legal system and just look on with folded arms. With the mentality that "it is your own loss if you do not eat or take what does not belong to you," others are engaged in stealing high-tension wires and iron grills from sewers and destroying public phones. These people are just like those described by Lu Xun in his essay on the collapse of the Leifeng Tower: "People dug and took away bricks from the tower just for a very tiny personal gain and, in the course of time, the tower finally collapsed." What is more, with such an imbalanced social mentality, people in business circles have vied with each other to raise prices, certain government functionaries have engaged in extravagant eating and drinking, and certain state organs and even primary schools have worked out "illegal rules" on the arbitrary imposition of fees and penalties in order to "open up more revenue sources"; and most of them feel at ease and justified when they do the above things.

All of these have served to show that we cannot simply rely on a "crackdown" campaign or on the legal system to bring about a comprehensive improvement. This is because penalties can hardly take effect on the majority, not to say arouse the enthusiasm or improve the general mood of the entire society.

Mencius had a well-cited saying: "Laws cannot work by themselves." People often interpret this as "Laws have to be enforced by man." This is actually an incorrect understanding. In fact, the first part of the saying, which is omitted here, reads: "Good intentions are not enough to rule the country." In this two-part saying, Mencius meant that a society cannot simply rely on its legal system and must do something which coordinates the

legal system. (This writer carried out some textual research in an article entitled "A New Explanatory Note on 'Laws Cannot Work by Themselves,'" carried by RENMIN RIBAO on 23 July 1990).

Today, though more and more laws are being adopted each day, there are still some people who refuse to observe the law or even act in defiance of the law. A cure for this situation is, in my opinion, the Confucian doctrine of "mainly relying on social ethics while making punishment an auxiliary means." With laws "hanging high above," we should mainly rely on social ethics and consciousness. Laws are formulated on the basis of social ethics, and they are also based on the support of social ethics so that laws can be smoothly put into effect.

For this reason, Comrade Xiaoping urged us: It is important that we rely on the legal system; yet what is more important is to rely on education and enhance the ethical standards and cultural quality of the whole people. French sociologist N.S. Timarouisif [di ma xie fu 5530 3854 6200 1133] also regards the legal system as "a coordination between ethics and order." Some jurists have suggested that "a cultural movement for the restoration of social consciousness should be carried out in today's China." Though it is open to question as whether or not a movement needs to be carried out, their suggestion to concentrate attention on social ethics is right up to a point.

By stressing the rule of virtue and the importance of education, we should refrain from posing as an educator who fails to exercise strict self-discipline. When advocating the rule of virtue, Confucianists stress that "the government should base its administration on social ethics" and "convince its people through moral integrity." Even the United States has a "Law on the Ethics of Politicians." This means that people engaged in politics are required to set an example for others, pay great attention to their "political virtues," and administer benevolent rule; only in this way can they convince the common people, give them confidence in the authority of state power and the legal system, get rid of the "feeling that the society is incapable of checking crime," and effectively mobilize the forces of society to punish and prevent crime. What is more, crime is related to power corruption, for the latter is a hotbed, umbrella, accomplice, and excuse for the former. Therefore, no matter whether we exercise the rule of law or the rule of virtue, the rule of officialdom is an issue of the first importance. Honest, upright, and incorrupt rule by officialdom will assure great order across the land. People still cherish the memory of those most enjoyable years just after the liberation when our cadres were honest and upright in carrying out their official duties, when the corrupt practices of the Kuomintang were all eliminated, and when the general mood of society was so sound that "no one pocketed anything found on the road or locked their doors when sleeping at night."



In a word, laying equal stress on the rule of law and on the rules of virtue and officialdom and paying simultaneous attention to legislation and to the education of ethics and conduct is the quintessence of our present move to bring about a comprehensive improvement in the social order.

### Illegal Book Dealers Arrested

OW081111694 Beijing XINHUA in English 0825  
GMT 8 Nov 94

[FBIS Transcribed Text] Beijing, November 8 (XINHUA)—China has arrested a group of people last week who were suspected of producing and selling books with pornographic contents.

A spokesman for the State Press and Publication Administration here said today that the culprits had printed and sold more than 400,000 copies of some 50 different kinds of books that go against government regulations.

About 70 people from across the country are involved in the case. The chief culprit in the case is an individual book dealer named Wang Changgeng, aged 33, who had made use of a private bookstore to produce "cultural rubbish" in the central China province of Hunan, according to the spokesman.

So far, some 60 people involved in the crime have been captured and police are searching for the others.

This is one of the largest cases concerning illegal publication in the country, the administration official said. During the first half of the year, the country has seized some six million illegal books.

"The government's stand is quite firm in the crackdowns on book piracy and pornographic publications. The activity serves to sweep out heinous social elements and to provide good 'spiritual food' for the public", the spokesman said, adding that it also helps build a sound environment for the reform and opening process.

He reiterated that no people are allowed to make profits by selling book licenses, which can only be obtained by state-run publishing houses.

Individual book dealers must strictly observe the laws and regulations promulgated by the state, he added.

### Foreign Investors To Contribute to Pension Fund

HK0811041694 Hong Kong HONGKONG STANDARD  
in English 8 Nov 94 p 1

[By Amy Liu]

[FBIS Transcribed Text] Foreign investors in China must contribute 18 percent of their employees' salaries to a pension fund under a new national social security system.

The system will be enforced by a new social security law which stipulates that all labourers, including millions of

workers in foreign-invested enterprises and joint-ventures, be covered by certain kinds of social insurance. Under the new law, foreign-invested enterprises will be responsible for pensions, official sources said. They added authorities are considering including unemployment, injury and medical insurance to the scheme. Reform of the country's social security system will take place gradually.

At present, China's social security only covers labourers in state-owned enterprises. The reforms are aimed at expanding it to benefit all labourers, including those working in foreign-invested firms.

The move comes as China is planning a more market-oriented social security system. Under the new system, both enterprises and individual employees will have to contribute to the pension scheme. Sources said 174,000 overseas enterprises in China would be involved.

Employers and foreign investors would have to contribute 18 percent of their employees' salaries—already in operation in some state-owned enterprises. Each worker would have to contribute 5 percent of his monthly salary. On retirement, a worker would receive a monthly pension equal to 60 percent of his wage. About 80 percent of labourers in state-owned enterprises would also have to contribute to their pensions.

About 35 million government employees, about 15 percent of the sector, have adopted the new scheme, according to a Ministry of Personnel official.

A new civil service pension scheme will be introduced across the country in the next three years, the official Xinhua News Agency quoted Minister of Personnel Song Defu as saying. Mr Song described the reform as "the building of a fundamental system for the nation".

Statistics show that last year's gross state pension expenditure reached 74 billion yuan (HK\$66.12 billion). Some 22.2 billion yuan was paid by governmental organisations, 13 times more than in 1982.

While China is to enforce a compulsory pension scheme for all workers and civil servants, farmers are encouraged to contribute their pensions voluntarily, sources said.

### Article Stresses Active AIDS Prevention

HK0711094294 Beijing LIAOWANG in Chinese No 38,  
19 Sep 94 pp 9-11

[By special correspondent: "Present Situation of Preventing and Curing AIDS in China, and Countermeasures"; "The main contents of this article are provided by the topical group of the State Council Research Office"]

[FBIS Translated Text] Today, AIDS has become one of the social problems the world is most concerned about. By the end of 1993, 184 countries and regions had reported AIDS cases. Of them, individuals infected with the HIV virus were estimated at 15 million, while 0.8

million people were reported to have been afflicted by AIDS, but the real number of the AIDS patients may have reached 3 million. According to authoritative international organizations like the World Health Organization, as many as 50 to 100 million people will have been infected with HIV by the end of this century, over 50 percent of whom will have died within 10 years, bringing a possible loss of \$356-514 billion to the world economy. Southeast Asia may follow Africa to become another severely AIDS-stricken region.

Although China is still a low-incidence region, the hidden danger is great. If timely prevention measures are not taken, an outbreak of AIDS may lash and undermine China's modernization drive.

#### Present Situation and Trends in the Spread of AIDS in China

From June of 1985, when the first AIDS case was detected among visiting foreign tourists, up to May of this year, China reported 1,361 HIV carriers (of whom 255 were foreigners or foreign citizens of Chinese origin, and 1,106 were Chinese), and 40 AIDS patients (22 of whom had already died). These carriers and patients were scattered in 22 provinces and cities, including Yunnan, Guangdong, Beijing, Shanghai, Fujian, and Zhejiang, with more than 85 percent of the HIV carriers in Yunnan Province. Prior to 1989, victims infected with the HIV virus had been mainly people from abroad, but thereafter the incidence of mainland HIV carriers rose at a rapid pace. The spread of this disease in China has the following features.

- The problem is most serious in big cities, and in coastal or border provinces and regions. In big cities, most of the HIV carriers are infected through immoral sexual contact; in coastal regions, people who have been abroad to visit their relatives constitute the majority of the carriers; in inland provinces, the victims are mostly people who have worked abroad as laborers; and in the southwest border regions, intravenous drug-takers account for the greater part of the infected.
- The HIV carriers are mainly people in their prime of life, over 80 percent of whom are aged 20-49, precisely the best years for work.
- The spread is so wide that AIDS affects people from almost every walk of life, including workers, peasants, businessmen, students, soldiers, and cadres. Peasants make up more than 70 percent of the afflicted, while among those who have been abroad, the HIV carriers have turned out to be mostly those who went abroad for family visits, or as laborers and sailors.
- Immoral sexual contact gradually has become a major factor contributing to the spread of AIDS. It is true that according to AIDS reports, HIV carriers have been found to be mostly intravenous drug-takers in the southwest border regions, but this incidence is now

increasing at a slow pace. On the contrary, the number of HIV carriers infected through sexual contact has been rising at a rapid pace with each passing year; statistics show 5.6 percent, 13.3 percent, and 15.7 percent in 1991, 1992, and 1993 respectively. In provinces and cities other than Yunnan, most of the sufferers are individuals infected via sexual contact.

- It is noted that the number of HIV carriers found among people entering or leaving China has been increasing sharply in recent years. According to a report issued by the General Office of Health Quarantine of the Ministry of Public Health, 150 cases were detected from among such persons during the seven years from 1985 to 1991. The year 1992 alone, however, witnessed 115 cases, and the following year saw 71 cases, with their aggregate exceeding the total of the previous seven years.

The basic assessment made by the experts is that owing to the limited HIV monitoring and examining facilities, we have been able to examine only 2.8 million individuals to date, and have found over 1,300 HIV carriers as a consequence, far less than the real number, which is actually rising in a geometric progression.

In 1993, researchers at the Chinese Academy of Preventive Medical Sciences and those of the 710 Institute of the Ministry of Astronautics Industry employed varied methods to analyze and predict AIDS trends for the foreseeable future in China. The academy holds that by the year 2000, the number of the Chinese HIV carriers will be around 0.1 million, and that of the AIDS patients about 20,000, if the affliction continues spreading on a moderate scale. Basing its estimation on the present low incidence of HIV infection in China, the 710 Institute of the Ministry of Astronautics Industry believes that given the same conditions, the number of Chinese HIV carriers will hit a figure between 80,000 and 0.19 million, and that of the AIDS patients between 10,000 and 25,000 by the year 2000. According to the World Health Organization, however, the number of Chinese HIV carriers will not be lower than the average number in Asia by the end of this century. If this prediction should become a reality, China will become one of the severely HIV-infected countries. Such a danger may occur on the following suppositions:

First, the rapid spread of AIDS in the world, particularly in the bordering countries and regions, undoubtedly will affect China to a considerable degree. The 45th World Health Conference held in 1992 predicted that while the grave situation of HIV infection in Africa's South Sahara area would continue in the next 10 years, the spread of HIV in Asia, which makes up half of the world population, would quicken its pace in the mid and late nineties, with its yearly added HIV carriers surpassing those of Africa in number. It also should be noted that there have been reports indicating that people infected with the HIV virus in China's bordering countries and regions are increasing in great numbers, especially in Thailand and



India, where the number of HIV carriers has been rising in a geometric progression in recent years, reaching 0.5 million and 1 million, respectively. Inevitably, the HIV virus will be brought into China from abroad along with the increasing diplomatic activities with foreign countries.

Second, China's highly dense population and great population mobility are creating an opportunity for AIDS to spread rampantly. In recent years, a great number of surplus laborers from the countryside has been flowing into the cities, and more and more people seeking jobs or engaging in business have been travelling a great deal between country and town, or between the cities themselves, or between the inland and coastal regions. Farmers who have migrated to the cities to serve as laborers often are wanting in basic knowledge concerning hygiene, lack the capacity for self-protection, and stay beyond the enforcement of rules and regulations on sanitary prevention and control. Therefore, it is very easy for them to contract HIV, and their mobile activities are likely to bring the virus to other places, causing the long-distance spread of AIDS.

Third, the public wants knowledge of AIDS prevention and awareness of self-protection. For example, surveys recently carried out by the Chinese Academy of Preventive Medical Science and other institutions show that nearly half the respondents selected from among students at eight universities in Shenyang are completely ignorant of the way the HIV virus spreads; that only 15.6 percent of the respondents selected from AMONG government officials, medical staff, and factory workers in coastal cities of Shandong Province are able to answer correctly all the questions about how to prevent AIDS, although 90 percent of them had heard of the disease; and that 30 percent of the people from three villages in Ruili County, Yunnan Province, had never heard of AIDS, and 78 to 94 percent of drug addicts in that region lack the necessary AIDS-prevention knowledge.

Fourth, the yearly increases in prostitution and venereal diseases [VD] will cause heterosexual contact to become the most dangerous factor in the spread of the HIV virus in the years to come. In the nationwide crackdown, 137,000 prostitutes and customers reportedly were ferreted out in 1990, 240,000 in 1992, and 247,000 in 1993. These figures are only a small fraction of the real number, as estimated by the public security departments. Prostitutes often operate secretly in restaurants or rented rooms along highways. As most of them come from the country, and as the flow of travelers and bus drivers is very frequent, a channel of HIV spread is thus formed between the country and the city, and between the coastal and inland regions. In fact, venereal diseases such as syphilis and gonorrhea, which—like AIDS—are also transmitted through sexual contact, had begun to spread in China before AIDS did, and the spread is rapid. Recent annual reports have revealed about 80,000 cases of VD each year, with the real number of patients far exceeding the reported figure. According to related

investigations in foreign countries, the possibility of HIV spread and infection through sexual contact is greater with VD patients, and particularly with those who suffer from ulcers on their reproductive organs.

What merits greater attention is the fact that some young people's sexual concepts and behavior are undergoing a change. Of the students above the third year from Shanghai's 50 institutions of higher learning, 18 percent of the male students and 17 percent of the female have had sexual behavior. In a city district of Beijing, 3.4 percent of the guest house attendants and 13.6 percent of the taxi drivers admit that they have had several sex partners. All this indicates that some young people are seized with mistaken beliefs on sex. Such beliefs, plus the shortage of AIDS-prevention knowledge, may lead to the concentrated spread of AIDS among these highly vulnerable people.

Fifth, intravenous drug-takers have been multiplying in recent years. According to the public security departments, not only is the number of the drug-takers increasing, but the methods of drug-taking by sharing the same syringes are increasing as well. To make matters worse, the drug-takers tend to indulge themselves in immoral sexual contact, and female addicts often obtain money for drugs by means of prostitution. All this behavior can only aggravate the situation, causing HIV to spread more widely.

Sixth, work to prevent the spread of AIDS through medical channels needs much improvement. Up to now, China has not yet established the system of HIV antibody examination of blood donors. This may cause healthy persons to be infected through the transfusion of blood from HIV carriers. Moreover, improper sterilization of medical apparatus and instruments also may help spread the HIV virus. Quite a few of China's medical and health services do not have adequate sterilization facilities, so that the principle of "one syringe and needle for one patient" cannot be fully implemented. Regarding the control of medical infection, things are even worse in privately owned clinics. In such circumstances, it would be very likely to give rise to large-scale HIV spread through improper diagnosis, examination, medical treatment or preventive operations, should the HIV virus be present in any of these processes.

Seventh, the relevant laws and regulations have not been well observed or applied. Although the state has enacted some laws and regulations for the prevention and control of AIDS, yet publicity is far from sufficient, and a considerable number of ordinary people lack general knowledge or awareness of the law in this respect. On the other hand, violations and loose implementation of these laws and regulations are not uncommon, making it difficult to effectively control the spread of AIDS.

#### **The Impact of AIDS on Society and the Economy**

The economic losses suffered by countries where AIDS is widespread are evident. Take Thailand, for example.



Within the 10 years (from 1991 to 2000), the direct and indirect economic loss per capita brought on by AIDS patients will be 16 or even 18 times the per capita GDP, with the direct and indirect national loss caused by AIDS amounting to more than \$7.3-8.7 billion. In the United States, the medical treatment expenditure for one AIDS patient is \$80,000 on average, with the total indirect loss soaring to as much as \$6.2 billion. Since the 1980's, the United States has had to put several, and even a dozen billion U.S. dollars each year into the research, publicity, monitoring, and treatment of AIDS. By the end of this century, the economic loss that AIDS brings to the United States probably will have exceeded \$100 billion.

According to experts, the medical treatment and the indirect loss brought by one AIDS patient in China is roughly estimated at 64,000 to 86,000 yuan, 29 to 39 times the per capita GDP. By the year 2000, China's medical treatment expenditure, together with the economic loss in connection with AIDS, will have amounted to 540 million to 1.3 billion yuan, at a moderate estimate, and 790 million to 1.87 billion yuan at a higher estimate.

At present, there are not many HIV carriers or AIDS patients in China, and therefore the entire development of China's national economy has not been affected. In a few factories and villages, however, AIDS has presented a problem. For example, in a village of a certain county in Yunnan Province, where HIV infection is relatively serious, farming has been hampered because healthy villagers have been leaving the village for fear of being infected by the HIV virus. Should AIDS spread in big way in China, the tourist, entertainment, and service industries will bear the brunt of the lash, and both industrial and agricultural production will be hit.

Statistics show that the average annual medical treatment expense for one AIDS patient in China is 3,300 to 74,00 yuan, the equivalent of half of a family's yearly income, on average, or even 1.1 times that sum. The total expenses of the medical treatment are 18.3-24.4 times the per capita income. Such heavy expenses go beyond the means of either an individual or a family. What is more, most Chinese people in their more robust years have to shoulder the responsibility of taking care of their children and supporting their parents. Should their lives be taken by AIDS, the lives of their families and the normal growth of their children would be severely affected, and the community would have to bear the burden of looking after the orphans and the old people whose livelihood could not be otherwise assured.

Psychologically, the incurability of AIDS and the terrible consequence of its spread can intensify people's fear. AIDS patients and their family members usually are treated unfairly. They may lose their jobs, they find themselves isolated, and their children may be compelled to leave school. All these problems are likely to induce their grievances against society or even thoughts of revenge, thus giving rise to contingent crimes and reducing them to factors of instability in society.

As the "No. 1 enemy of citizens' health," AIDS not only constitutes a threat to people's lives, but also directly concerns the development of economy, the rise and fall of a state, and the life and death of a nation.

#### **Problems and Difficulties Arising in Preventing and Controlling AIDS**

Ever since the first AIDS case was detected in China, the Chinese Government has shown great concern about the prevention and control of the disease. An epidemic prevention team has taken initial shape at all levels in the medical system, from the center to the localities. They are engaged in AIDS monitoring, quarantine, publicity, education, treatment, administration, and research. A council consisting of AIDS experts has been established at the central level, as well as in some chosen areas, directly participating in and guiding the work of preventing and curbing AIDS. Problems and difficulties are legion, however.

**There exist some confused ideas about AIDS.** A few leaders mistakenly think that AIDS is a matter concerning a thousand or so individuals, a figure that will remain very small, even if it is multiplied by 10 or 20, and therefore there is no need of stirring up a great many people. Some civilians believe that AIDS is a "foreign disease" and that "they will not be afflicted by AIDS as long as they do not go prostituting or whoring." Some prostitutes also argue that "they will not contract AIDS if they do not have any physical contact with foreigners." Such ignorance and negligence are a serious hindrance to the mobilization of all social forces to join in the effort to prevent AIDS.

**There is lack of coordination among different departments to organize joint administration.** China wants an authoritative, high-level institution to be responsible for the organization, administration, and coordination of the work to prevent and control AIDS. Up to now, the work is being done mostly by the health departments, with merely reluctant or passive involvement from other departments. Many undertakings that call for responsibility or participation on the part of other departments (such as publicity, education, and administration of the infected) are attended with much difficulty.

**The relevant laws and regulations remain unsound.** The laws and regulations that can be used as the basis to prevent and control AIDS mainly include: the "Law of the PRC on Epidemic Prevention and Control," the "Detailed Rules and Regulations for the Implementation of the Law of the PRC on Epidemic Prevention and Control," the "Rules for Health and Quarantine in the Border Areas," and the "Provisions Concerning the Monitoring of AIDS" jointly issued by seven ministries and commissions, and approved by the State Council in 1987. Made and promulgated at least five years ago, these laws and regulations have failed to cover some questions or to expound explicitly, with some regulations in need of amendment, hence the difficulty in applying them to the letter. Take the control of the HIV carriers

for example. Basically speaking, China has no specific laws or regulations to go by in controlling the HIV carriers today. The various departments have not been assigned definite duties where AIDS is concerned, and they often shift responsibilities onto others, bringing difficulties to the implementation of prevention measures, not to mention the objectively existing problems. In addition, the health examination and quarantine work in the border areas are far from satisfactory. An integral part of AIDS monitoring, this work aims to prevent any disease harmful to health from spreading into China, but the current laws and regulations for entry into or exit from China vary with different personnel, causing confusion in administration and complaints by some people.

**Publicity and education are inadequate in depth and scope.** They tend to be conducted in the form of a crash campaign, say, before and after the "World AIDS Day" on 1 December every year, and then become sluggish afterward. What is more, pamphlets and textbooks do not serve different purposes, and activities fail to take into consideration the special needs of different audiences such as (students, women, export laborers, and national minorities), thus affecting the effect of publicity. At present, while the health departments are responsible for most of the publicity and education work, non-health sectors—like education—have not lent an efficient hand. As if these problems were not enough, some publicity and education activities played up the horrors of AIDS or have evaded substantial contents, without making reference to education regarding safe sexual behavior, confusing such education with inciting sexual immorality.

**There remain some weak links in the health work itself.** The major manifestations are as follows: First, the plans for AIDS monitoring have not been fully carried out at some stations. As the number of monitored people is small and the vulnerable persons monitored make up only 15 percent of the annual total, the data thus gathered are quite insufficient and incur difficulties for macro-decisionmaking. Second, the channels of infection through medical means having not been cut off, the danger of AIDS spreading through blood transfusions, medical instruments, and clinical operations lurks disturbingly.

#### **Suggested Countermeasures for Preventing and Curing AIDS in China**

The work of preventing and controlling AIDS in China aims to bring into full play the role of every department so as to establish as soon as possible an overall system for AIDS prevention and control with the participation of all social forces under the leadership of the governments at all levels. It is expected that during the "Eighth Five-Year Plan," a state macrocontrol organ should be set up to curb the spread of AIDS, that further necessary laws and regulations should be promulgated to enhance administration, and that a network should be formed to combine publicity and education, health guarantees,

monitoring administration, and follow-up services. Efforts ought to be made to popularize knowledge of AIDS among both city dwellers and country folk so as to further raise their self-protection ability so that the rate of HIV infection may be checked at a low level, and so that China's modernization and opening up to the outside world will not be interfered with or struck by the spread of AIDS.

To achieve these objectives, experience and lessons from abroad should be used for reference. Proceeding from China's actual conditions, the guideline for the work to prevent and cure AIDS should be: **Put prevention first.** As AIDS is a pernicious epidemic defying medical treatment, and will remain so for a considerably long time to come, prevention must be put first so as to curb AIDS. **Put publicity and education first.** It should be noted that immoral sexual contact and intravenous drug-taking are the main channels through which AIDS spreads. Prolonged and purposeful publicity and education must be conducted among highly vulnerable people to correct these bad behaviors. **Put regular work first.** Efforts must be made to stop the rapid spread of AIDS at an early stage and to gradually eliminate the disease, but such efforts must be regular, for any relaxation will mean the quickened spread of AIDS. Therefore, the non-slacking constant prevention and cure work is highly necessary.

As for what measures China should take to prevent and curb AIDS, Chinese experts have put forward the following suggestions:

First, leadership must be further strengthened. The current state commission of coordination in the prevention and control of AIDS, which is a non-standing organ, should give more play to its leading and coordinating functions, holding regular sessions each year to discuss problems, and formulating corresponding principles, policies, and requirements to solve the problems.

Second, plans and programs must be formulated or improved. The State Planning Commission, the State Science and Technology Commission, and the Public Health Ministry should take the initiative in organizing related departments for the mapping out of medium- and long-term plans, in light of specific conditions, for the prevention and control of AIDS, and should place this task among China's priorities in the 21st century. Local governments should work out their own plans and programs in accordance with the state plans, placing them among the plans for the social and economic development in the localities.

Third, publicity and education must be carried out in a more vigorous way. It should be stipulated by the government education departments that agencies of radio, TV, newspapers, and publications have an obligation to publicize the prevention and control of AIDS gratis. The State Education Commission should decide that the content of AIDS prevention and control be added to textbooks on health for primary and secondary school students, as well as college students. The public security



and judicial departments should carry out education on the knowledge about AIDS among prostitutes and their customers who are detained or reformed, and among the drug-takers being forced to quit the habit. The departments of the tourist, industrial and commercial, and cultural administrations should conduct regular inspections and education among the executives and attendants of guest houses, bars, wine shops, barbershops, beauty and massage parlors, and recreational centers, to help them take a correct attitude toward their service business, and prohibit any obscene service in these places so as to prevent the spread of VD and AIDS. The local departments of labor and personnel should make it a rule that educational lessons on the prevention and control of AIDS be taught to laborers before they are exported, and to people who have been appointed to work abroad.

Fourth, the administrative systems must be perfected. These systems to be enhanced should include the preventive administration against the spread of AIDS through medical channels, the administration of AIDS monitoring inside China, the health control in the border areas and among the personnel entering or leaving China, the supervision over the HIV carriers, and the control of HIV-infected lawbreakers.

Fifth, more funds must be put in. Financial support to strengthen the work of preventing and curbing AIDS should be given both by the central and local governments, especially the governments in the provinces where more people suffer the affliction. The central government may consider a financial appropriation to assist the Chinese Association of VD and AIDS Prevention in carrying on relevant activities. Where the HIV infection is more serious, increased funds should be invested in the monitoring of AIDS, the building of an anti-epidemic and health control team, the establishment of laboratories for HIV identification, and the improvement of the monitoring network. Meanwhile, funds should be raised through various channels. As the control and prevention of AIDS is an undertaking beneficial to the public, domestic and overseas enterprises, organizations, and individuals should be welcome to contribute to the cause voluntarily, but no compulsory apportionment or law violations are allowed for the fund-raising. In addition, a foundation may be set up exclusively for the purpose of AIDS prevention and research. Since it is a high-tech study to cultivate or prepare vaccines, reagents, and Chinese medicines to curb and prevent AIDS, the State Science and Technology Commission, the Public Health Ministry, and other related departments should enthusiastically provide their financial support to facilitate more rapid progress and breakthroughs for China's AIDS study in the fields of biomedicine and Chinese medicaments.

Sixth, international cooperation should be positively developed. International cooperative activities should be further developed, and multilateral and bilateral cooperation be enhanced. China should enhance cooperation

with bordering countries and regions, and should strive to establish an AIDS-prevention liaison network with the Southeast Asian countries and regions.

In conclusion, the study of policies and laws should be furthered. AIDS research wants reinforcement in policy and law. Problems like protecting AIDS patients and HIV carriers from discrimination, as well as the monitoring, accommodation, medical treatment, work, education, activity restriction, and necessary examinations of these people all merit study. Moreover, the legal questions concerning the marriage and child-bearing of HIV carriers, the ethical issues regarding sexual concepts, and the impact of AIDS on China's social and economic development also call for further investigation and valid solutions.

### Science & Technology

#### Government To Build Information Superhighway

HK0711152294 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1146 GMT 11 Oct 94

["Special article" by reporter Si Liang (1835 5328): "China and the World Build Information Sharing Market Simultaneously"]

[FBIS Translated Text] Hong Kong, 11 Oct (ZHONGGUO TONGXUN SHE)—Establishing an "information superhighway" is becoming a hot topic in many countries and regions. The Chinese Government has decided to keep abreast of this important development trend in the global scientific field. Proceeding from the actual conditions, China is setting up its own "high-speed information network" in a planned and orderly way. An information sharing market is likely to be formed by the end of this century.

The so-called "information superhighway" refers to the huge information transmission and processing system. Early last year, the United States initiated the establishment of an "information superhighway" as an important measure to revitalize its economy. Since then, only a year or so has passed but the "information superhighway" craze has swept across the whole globe. Today, different signs indicate that the craze is setting off a new surge in the mainland of China.

It is known that when the Chinese Government began to adopt the policy of revitalizing its economy and opening to the outside world in the early 1980's, it realized the importance and urgency of developing the information industry. In 1984, senior CPC elder Deng Xiaoping gave the instructions on "Exploiting information resources to serve the four modernizations." Later on, other Chinese leaders also emphasized information development. Jiang Zemin pointed out, "The four modernizations cannot do without information development." Foreseeing the coming of information development the Chinese Government and experts in the spheres of learning and science and technology have been making active preparations for it.



Meaningfully, the Chinese Government has put the development of a high-speed information network in an important strategic position and adopted a series of policies and measures to strengthen this national will. Last year, the State Council set up a "Joint Conference on State Economic Information Development" chaired by Vice Premier Zou Jiahua and participated in by more than 20 ministries and commissions. The conference is responsible for planning the information development of the national economy and society, formulating various information technical criteria and information legislation, and organizing and coordinating major transregional and transdepartmental systems engineering projects.

Last year, the Chinese Government organized more than 40 telecommunications and electronics experts to conduct extensive investigation and study. They are now working hard to compile a large consultation report: "Measures for Developing a High-Speed Information Network in China," which will put forward proposals and decisionmaking bases to relevant departments on a series of important issues, such as the feasibility, measures, and planning of developing an information superhighway in China. To deeply analyze the development of an information superhighway in the world today, and to analyze China's demands for high-speed information network and its present basis and construction ability, seminars have been held in succession in Beijing this year. They were the "Seminar on the Information Development of the National Economy and the Establishment of a High-Speed Information Network" and the international seminar on "Information Market and International Cooperation."

Thanks to the high starting point and rapid progress in scientific and technical development in China in recent years, the establishment of an "information superhighway" can boast a fairly good foundation. A basic network framework has been laid for the information infrastructure including the huge-capacity and high-speed trunk transmission network and automatic telephone network, the block exchange network, the digital special circuit network, and the movable telecommunications network. Up to now, the one-million-core-km [xin gong li 5361 0361 6848] digital optical cable trunk, the microwave trunk with 120,000 channel-km [bo dao gong li 3134 6670 0361 6848], the 19 large telecommunication satellite ground stations, and 35,000 ground reception stations, which link major cities in the country, have been put into operation. More than 70 percent of long-distance transmission has been digitized. A nationwide automatic telephone exchange network focusing on program-controlled telephones has been basically formed. Movable telephone and wireless calling telecommunication services have been supplied for most cities above the county level. In addition, China has established over 20 state-level information systems in various fields of economy and technology, around 100 information networks of different types, computer installed capacity of 1.5 million sets, over 200 computer software industrial

institutions, and over 60,000 information service organizations of various types with over 1 million employees.

At present, the work of state economic information development is in full swing. The rapid development of the "three-gold" information systems project characterized by gold bridge [satellite transmission public information network], gold card [electronics trade project], and gold pass [the state's foreign trade and economic cooperation information network], a project of the largest scale in the current economic field, has officially drawn back the curtain for the information development of China's economy.

The present world has entered a period of information revolution, greater than the Industrial Revolution. A new competition resulting from the global information tide has commenced, representing a rare opportunity as well as a severe challenge for China. China cannot catch up and is now in the fast lane. Some analysts point out that China is in urgent need of borrowing a large sum of capital for this development. As the government information organs own more than 80 percent of the nation's total information resources, most of which are considered confidential, the services tend to be internally used. What's more, owing to structural limitations, there is a lack of communication between departments and trades, with each department or professional line having to work alone. All these are likely to hinder China's progress toward the information superhighway.

#### Beijing Develops New Engineering Material

OW0811092594 Beijing XINHUA in English 0845  
GMT 8 Nov 94

[FBIS Transcribed Text] Changchun, November 8 (XINHUA)—China has developed a special engineering material applicable to such vital industries as aviation, national defense, electronics, nuclear energy and machine building, government sources said.

The development of the material, a type of plastic named p.e.e.k, was listed by the central government as a key study project during the country's Eighth Five-Year Plan period (1991-1995).

Experiments made at Jilin University in this capital of northeast China's Jilin Province at the beginning of this year show that China can produce ten tons of p.e.e.k. a year.

Initial tests by experts show that the major indices of the material are all up to the advanced international standards. The material has aroused wide interest in developed countries, including Germany, Japan and the United States.

German and Swiss experts have said that p.e.e.k. enjoys a competitive edge, as it is of good quality and far cheaper than similar products worldwide. First developed by advanced countries in the early 1980's and

banned from being exported to Third-World countries, p.e.e.k. can resist high temperatures, corrosion, wear and tear, and radiation.

### Military

#### Chi Haotian Marks Anniversary of PLA Competitions

OW0811121094 Beijing XINHUA Domestic Service in Chinese 1151 GMT 7 Nov 94

[By reporter Huang Qiusheng (7806 4428 3932), and correspondent Gui Jingquan (2710 2417 0356)]

[FBIS Translated Text] Fuzhou, 7 Nov (XINHUA)—A symposium to mark the People's Liberation Army's [PLA] 30th anniversary of its military skills competition took place at a PLA division stationed in Fujian 5-7 November. In an article he wrote for the symposium, Chi Haotian, member of the Central Military Commission [CMC] and defense minister, stresses the need for training a new generation of crack troops through promoting the spirit of the event.

The 1964 competitions, which started with the popularization of the "Guo Xingfu's Teaching Method," were initiated by Marshals He Long and Ye Jianying and Senior General Luo Ruiqing with Comrade Mao Zedong's full endorsement and support. In accordance with the plan drawn up by the CMC and the three military headquarters, all PLA units that year, from senior officers down to rank-and-file soldiers, trained vigorously for the event. During the competitions, in which more than 33,000 officers and men of 3,318 units took part in 3,766 competition events, 694 "ace" units and 3,070 "ace" individuals distinguished themselves for their all-around excellence and outstanding skills. On two occasions, Mao Zedong, Zhou Enlai, Liu Shaoqi, Zhu De, Dong Biwu, Deng Xiaoping, and other party and state leaders watched the competitions staged in Beijing by the competitors from all parts of the country. Their presence promoted training and competitions in the armed forces, and the event has become a brilliant chapter in the history of our armed forces' development.

In his article, Chi Haotian reviews the great deal of experiences gained from the sizable training and competitions during the sixties, and he also elaborates on ways to follow through with Comrade Deng Xiaoping's army-building thinking and CMC Chairman Jiang Zemin's general requirement that the PLA must "be politically qualified and militarily toughened, have a good work-style, be strict in enforcing discipline, and be powerful in safeguarding the country" under new historical conditions. In the article, the defense minister stresses that the PLA should inherit and carry forward the fine traditions of carrying out large-scale training exercises and competitions, continue to consolidate the strategic role of education and training to meet the needs of modern warfare, raise the standards of military training, and bring up large numbers of "Guo Xingfu" of the new

period so that a new generation of crack troops and proficient military leaders can be trained and so that the armed forces' military training and fighting power can reach a higher level.

Li Desheng, former member of the Central Advisory Commission Standing Committee, who discovered and brought up Guo Xingfu 30 years ago, and leaders of all major military units also wrote articles for the symposium, which was sponsored by the General Staff Headquarters' journal, JUNSHI [MILITARY AFFAIRS]. Attending the symposium were leading members from training departments affiliated to the General Staff Headquarters, all major military regions, all services, research institutes, and military colleges; as well as representatives of advanced units and individuals who took part in the competitions 30 years ago.

#### Air Force Quickens Modernization Pace

HK0811083594 Beijing JIEFANGJUN BAO in Chinese 24 Oct 94 p 2

[By Guo Kai (6753 0418) and special correspondent Zhang Dongfeng (1728 2639 7364): "Air Force Quickens Pace in Modernizing Training Means"]

[FBIS Translated Text] High tech simulators for military training have now been popularized in various Air Force units, indicating that the training method of the main arm of the Air Force has entered a new sphere of applying computerized simulation technology.

Giving full play to the collective wisdom of various units, schools, and scientific research institutes, the Air Force has tackled difficult problems in scientific research and developed the laser and electronic training simulators for its main fighter planes in an all-round way. Two of the laser and electronic training simulators made by the Air Force have won national invention awards and 22 have won the first class and second class science and technological progress awards of the Army. The application and popularization of the laser and electronic training simulator have made simulated training more realistic and provided this training with more substantial contents. For example, the "full view spherical flying simulator" for the training of fighter planes flying technics is fitted with a computerized image formation system. It provides a lifelike space environment for training special flying and air attack technics on the ground.

In the range of simulated training, the electromechanical simulation system has now been replaced by a system of computerized simulation, and the technological simulation has been developed into tactical and campaign simulation. They have been adopted by more than 90 percent of flying schools and flying units in their training courses. With regard to various arms of services, this training method, which was used only by the air units, has now been popularized among the radar units, the

airborne units, the ground-to-air missile units, the anti-aircraft artillery units, the communications units, and the meteorological units. Thus, the simulated training method, which was used only by a unitary unit and applied in only one kind of plane, is now used by various arms of the services and applied in various planes. Moreover, an initial system for combined operations, including air battle, air raid, and ground-to-air shooting, has also been formed.

### Minority Nationalities Provide Air Force Pilots

HK0811080694 Beijing JIEFANGJUN BAO in Chinese  
5 Oct 94 p 1

[By Xu Sheng (1776 3932) and special correspondent Rong Qingxiang (2837 1987 4382): "Nearly 30 Minority Nationalities in China Can Boast of Their Own Air Force Pilots"]

[FBIS Translated Text] Among China's more than 50 minority nationalities, nearly 30 can boast of having their own Air Force pilots, the aircraft piloted including fighters, ground attack aircraft, bombers, air scouts, and large transport planes. Quite a number of these minority nationality pilots are now air unit commanders at the regimental and divisional levels. More than 100 of them have become flight commanders at various levels and instructors at pilot training academies.

Imbued with ardent patriotism and fully committed to their air defense careers, the minority nationality pilots have rendered indelible contributions. An outstanding example is Yang Guoxiang, the eagle of the Yi nationality, who accomplished the magnificent deed of dropping China's first H-bomb. Wu Chaoan, a pilot from the Miao nationality, has on five occasions won the championship in firing practice competitions during which a certain type of fighter plane fires at air and land targets; he has also created the record of hitting 30 air targets. Since engaging in scientific research test flight work, Buyi-nationality test pilot Li Shaofei has carried out dozens of complicated and risky research projects and, on more than 10 occasions, correctly handled major air hazards, thus saving about 100 million yuan of state property and precious research materials.

As indicated by related statistics, many minority nationality pilots have been conferred titles of honor. Some of them have been chosen as deputies to the National People's Congress, some have been conferred the titles of "National Shock Worker of the New Long March" or "Young Hero in Defending the Nation and Serving the People" by the Communist Youth League Central Committee, and 36 percent of them have been elected by China's Air Force as special-class or first-class pilots, of whom 10 have been chosen pacesetters for outstanding pilots. What warrants special attention is that three minority nationality pilots have been winners of China's highest honor for pilots, i.e., the gold medal for "meritorious service pilot."

### Shanghai Regulations on Conscription Work

OW0711161294 Shanghai JIEFANG RIBAO in Chinese  
25 Oct 94 p 3

["Regulations on Shanghai Municipality's Conscription Work (Adopted at the 13th Session of the Standing Committee of the 10th Shanghai Municipal People's Congress on 20 October 1994)"]

[FBIS Translated Text]

### Chapter One. General Principles

Article 1. These regulations are formulated to ensure the fulfillment of the obligation of residents of this municipality to perform military service and the smooth implementation of conscription work in accordance with the "Constitution of the People's Republic of China," the "Military Service Law of the People's Republic of China," the "Regulations Governing Conscription Work," and other related laws and regulations in light of the actual situation of this municipality.

Article 2. These regulations are applicable to state organizations, societal groups, enterprises (including foreign-funded enterprises and private enterprises, the same below) and other business undertakings, mass and autonomous organizations at the grass-roots level, individual industrial and commercial establishments, and citizens within the administrative jurisdiction of the municipality.

Article 3. Defending the motherland and resisting aggression are sacred duties of all citizens of the People's Republic of China, and performing military service in accordance with the law is an honorable obligation of all citizens of our country. All citizens with a permanent household record in this municipality have the obligation to perform military service within the prescribed age.

Article 4. People of the right age for performing military service under these regulations are male citizens between 18 and 22 years old before 31 December of that year or within the service age stipulated in the conscription decree issued by the State Council and the Central Military Commission of that year.

Citizens who should be drafted under these regulations are people of the right age to perform military service who have registered for military service and are qualified after initial examination.

The conscription of female citizens shall be implemented in accordance with the stipulations of the conscription decree issued by the State Council and the Central Military Commission.

Article 5. The conscription work shall be implemented under the leadership of the Shanghai Municipal People's Government and the Shanghai Garrison Command. The Conscription office of the Shanghai Municipal People's



Government shall be responsible for the conscription work of the whole municipality.

The people's governments of various districts and counties will lead the conscription work of their respective districts and counties. The conscription organizations of district and county people's governments shall set up conscription offices in coordination with related departments and be responsible for the conscription work of their respective district and county.

Article 6. Staff members in charge of conscription work should strictly implement the conscription decree and other related regulations, ensure the quality of recruits, guard against dereliction of duty, and refrain from bending the law for the benefit of relatives or friends.

Article 7. Doing a good job in conscription work is the common responsibility of state organizations at various levels of this municipality, societal groups, enterprises and other business undertakings, mass and autonomous organizations at the grass-roots level, individual industrial and commercial establishments, and citizens.

Public security, public health, personnel, civil affairs, finance, education, communications, industrial and commercial administration, news and publications, radio and television, and other concerned government functional departments should all do a good job in conscription work according to their respective duties.

Article 8. The funds needed for conscription work shall be listed for disbursement by the financial department at the same level.

Funds for conscription work and registration shall be prepared by various units themselves.

Article 9. Units and individuals who have made outstanding achievements in conscription work shall be commended and awarded by the municipal people's government and the Shanghai Garrison Command or by the conscription offices of the municipal, district, or county governments.

#### Chapter Two. Propaganda and Education

Article 10. The propaganda and education work for conscription shall be carried out in accordance with the conscription decree issued by the State Council and the Central Military Commission and the conscription order issued by the Shanghai Municipal People's Government and the Shanghai Garrison Command and other related provisions.

Article 11. Municipal, district, and county governments should strengthen their leadership over propaganda and education work related to conscription, and include it in their plans for carrying out education on patriotism, national defense, and the legal system.

The specific propaganda and education work related to conscription shall be organized and implemented by

conscription offices of people's governments at various levels in coordination with concerned departments.

Concerned departments of the municipal and various district and county governments should support various townships, towns, neighborhoods and other units in carrying out propaganda and education work related to conscription.

Article 12. Press, radio, television, and other propaganda departments should strengthen education on conscription and publicize the honor of performing military service and joining the army.

Township, town, neighborhood, and other units should educate citizens on patriotism, revolutionary heroism, and performing military service in accordance with the law. They should encourage citizens to fulfill their obligation of performing military service according to the law, and hang and post publicity materials related to conscription according to the law during the period of the draft.

Article 13. Schools of various types at and above the secondary level should include education on the conscription law in their program for carrying out education on ethics and arrange necessary time for such education.

#### Chapter Three. Registration for Military Service

Article 14. The conscription offices of various district and county people's governments shall be responsible for the registration for military service within their respective jurisdictions.

Units which have set up people's armed forces departments or units which have been designated by conscription offices of various district and county people's governments shall actually handle the registration for military service.

Registration for military service in units other than those mentioned above shall be handled by township and town governments or neighborhood offices.

Registration for military service should be completed before 30 September of each year.

Article 15. Various units should, according to the demand of conscription offices of the municipal and various district and county governments, publicly announce the registration of military service and send written notices to people of the right age to perform military service in their respective areas or units, urging them to complete registration procedures for military service within the stipulated period. At the end of the registration for military service, those units should report the actual results of registration to departments in charge of the conscription work.

Public security detachments should, according to the demand of conscription offices of various district and county people's governments, provide name lists of

people of the right age to perform military service in their respective areas and other related information to concerned departments.

Article 16. A system of military service certificates is used in the municipality's conscription work.

The conscription office under the municipal people's government will print the certificate of military service; the conscription office of the district and county people's government is responsible for administering, conducting examinations, and issuing the certificate.

Loaning, altering, or forging of a certificate of military service is prohibited.

Article 17. The certificate of military service shall be kept or used in accordance with the following provisions:

(1) The certificate of military service shall be kept by the citizen of the right age. In case the certificate is lost, he shall immediately apply for reissuance of the certificate from the issuing authority;

(2) A male citizen of the right age who has completed military service registration shall apply to change his military service registration with the issuing authority when there is a change in his residency registration and employment;

(3) A male citizen between 18 and 24 shall produce the certificate of military service for the department or unit concerned when he applies for employment (including temporary employment), school admission, exit, a business license or other vocational license. The department or unit concerned shall examine the certificate.

Article 18. A citizen of the right age shall bring his identity card and academic certificate or certificate of military service to the place designated for military service registration in the proscribed period every year to go through the military service registration. The time he spends completing the registration shall be considered time at work. A citizen of the right age shall provide truthful information about himself when he goes through the military service registration formalities; he shall not conceal facts or provide false information.

The conscription office of the district or county people's government shall, depending on the circumstances, mark on the citizen's military service certificate whether person is suited to enlist, or whether his enlistment is deferred, he is exempt from enlistment, unqualified, or whether he refuses to sign up or has already signed up, or mark on the certificate that he has been transferred to, exempted from, or is not qualified for reserve service.

Article 19. A citizen who is designated by the conscription office as suited to enlist in that year is, before the annual conscription work is completed, not allowed to leave the country without the permission of the conscription office of the municipal people's government.

#### Chapter IV. Physical Examination and Political Screening

Article 20. State organs, public organizations, enterprises, and establishments shall organize enlisting citizens to undergo physical examinations in line with the conscription tasks assigned by the Municipal People's Government and the Shanghai Garrison; they shall also conduct political examination of the enlisting citizens as required.

Article 21. Physical checkups of the draftees shall be carried out by the municipal, district, or county public health departments under the unified arrangements and coordination of the conscription office of the municipal, district, or county people's government.

The conscription office of the municipal, district, or county people's government; the public health bureau; and the hospitals concerned shall assign cadres to form a municipal, district, or county physical checkup group and set up a checkup center to perform physical examinations.

Article 22. Medical personnel shall perform physical examinations for enlisting citizens in accordance with regulations.

The material benefits of medical personnel at their work units shall be preserved during the period when they are assigned to perform physical examinations for enlisting citizens.

Article 23. A citizen designated as qualified (including those already employed as workers or cadres) when he undergoes military service registration shall undergo physical examinations as required by the notice issued by the conscription office of the district or county people's government and provide truthful information on his health. The time an enlisting citizen spends on physical examinations shall be considered time spent at work.

Article 24. Political examination of the draftees shall be performed by the municipal, district, or county public security departments under unified arrangements by and coordination of the conscription office of the municipal, district, or county people's government.

The municipal, district, or county public security bureau shall assign personnel to form a political examination group and organize the undertaking units in conducting political examinations of enlisting citizens. The units and citizens concerned shall accord cooperation and provide information truthfully.

Article 25. Personnel assigned to conduct political examination shall abide by the regulations and discipline governing political examination.

The material benefits of the personnel assigned to political examination duties at their work units shall be preserved during the period when they are assigned to conduct political examinations of enlisting citizens.

#### **Chapter V. Examination, Hand-Over, and Transportation of Recruits**

Article 26. The conscription office of the district or county people's government shall organize the physical examination and political examination departments and the recruits reception units to jointly screen the recruits, taking into consideration the recommendations of the village or township people's government, the neighborhood office, and other units in the locality where the enlisting citizen resides.

In examining the draftees, the district or county people's government and the conscription office of the district or county people's government shall organize the relevant department and the recruits reception units to select, in accordance with the requirements of the various services, citizens that meet the political, physical, educational, and age requirements.

Article 27. The village and township people's government or the neighborhood office in the locality where the enlisting citizen resides shall post the names of the chosen draftees for supervision by the citizenry.

The approved draftee shall perform military services and the unit to which he belongs shall provide support.

Article 28. The conscription office of the district or county people's government shall handle the enrollment formalities and issue the "Notice of Enrollment of the Enlisting Citizen" to the draftee.

The citizen who has been approved for enlistment shall bring the "Notice of Enrollment of the Enlisting Citizen" to the public security police station in the locality where his residency is registered to have his residency annulled.

The relevant units shall turn over in a timely fashion the archival materials of the citizens who have been approved for enrollment to the conscription office of the district or county people's government.

Article 29. The conscription office of the district or county people's government shall complete the procedures of handing over the recruits and their archival materials at the recruits reception unit in its locality on the day before the recruits are shipped. It shall also help the recruits reception office to send, in a safely and timely fashion, the recruits in the locality to the designated railway station or port.

Article 30. Conscription offices at all levels shall provide the recruits' reception units with the facilities needed to carry out their work.

Article 31. The recruits' reception personnel shall, under the leadership of the municipal, district, or county people's government, help the conscription office in executing conscription work.

#### **Chapter Six. Preferential Treatment and Placement**

Article 31. Conscripts who are drafted in this municipality and their relatives have the right to enjoy various preferential treatments stipulated by the state and this municipality.

Article 32. The standard of preferential allowance for conscripts who are drafted in urban areas and their relatives shall be the average annual wage of staff members and workers of this municipality in the previous year.

The standard of preferential allowance for conscripts who are drafted in rural areas and their relatives shall be the average annual wage of labor forces of their original townships, towns, districts, or counties.

If the wages of units in which conscripts served earlier are higher than the standard of preferential allowance for conscripts, the original units may give some subsidies to those conscripts.

Article 33. Preferential allowances for conscripts and their relatives in urban areas shall be gathered in the city proper and towns of this municipality, and the total amount to be gathered shall be based on the total amount of disbursement. Preferential allowances for conscripts and their relatives in rural areas shall be gathered by township, town, district, and county people's governments, and the total amount to be gathered shall be based on the total amount of disbursement.

The scope of gathering funds for preferential allowances, the criteria of payment, and the management methods shall be formulated by the conscription office of the municipality in coordination with the municipal civil affairs bureau, finance bureau, labor bureau, and agricultural commission.

Article 34. Citizens who are drafted to perform military service may enjoy the following preferential treatment:

- (1) The renting and use right of conscripts' original public houses shall be maintained;
- (2) Conscripts shall enjoy the same treatment as other citizens in the allocation of family housing or in distribution of houses when their original houses have to be demolished;
- (3) Conscripts shall enjoy the same treatment as other citizens when the rural land of their registered household is requisitioned; and
- (4) Conscripts shall enjoy other preferential treatment stipulated by the state and this municipality.

Article 35. When conscripts are released from active service, the job placement departments of various districts and counties should coordinate with their former work units or places to make arrangements for their training prior to taking up new jobs and give them priority in reinstatement or employment. The remuneration should not be lower than similar staff members and workers of the same seniority. Conscripts' period of military service should be calculated as a period of their length of nonmilitary service.

If conscripts were engaged in operating motor vehicles and other technical jobs prior to their military service,



they should be issued a driver's licence or other certificates after being released from active service and qualified by related departments after retraining and examination.

If conscripts were drafted when they were working with certain units, those units must not terminate their work relations. If conscripts return to their original units or find new jobs, the employing units should sign labor contracts with them for a period of not less than two years. The two sides may terminate their work relations if conscripts and their former employers both agree to terminating such relations.

Other placement matters for conscripts after their release from active service shall be handled according to related stipulations of the state and this municipality.

Article 36. This municipality shall gradually establish and perfect a risk fund for conscripts. The source and methods of administration and use shall be formulated by the municipal people's government separately.

#### Chapter Seven. Legal Responsibility

Article 37. Units which fall into one of the following conditions in violation of these regulations shall be ordered to make corrections by conscription offices of district and county people's governments and shall be fined from three to 10 times the average preferential allowance for conscripts during the same year depending on the situation—if they do not take remedial actions after being censured:

- (1) Units which do not organize citizens to register for military service in accordance with regulations;
- (2) Units which conceal the number of citizens of the right age for performing military service or refuse to handle conscription tasks;
- (3) Units which do not conduct physical and political examinations for citizens who should perform military service or do not coordinate with concerned departments to conduct such examinations;
- (4) Units which obstruct citizens' taking part in military service registration and physical examinations or their enlisting in the armed forces;
- (5) Units which hide facts and use fraudulent or other methods to help citizens evade military service; and
- (6) Units which hire or enroll citizens who violate stipulations of Article 38 and Article 39 of these regulations and shall be punished.

The principal responsible persons and persons in charge of conscription related work of above-mentioned units shall receive administrative punishment. In serious cases, they will be fined by conscription offices of district and county people's governments at less than five times the average annual preferential allowances for conscripts.

Article 38. Concerned administrative departments which violate stipulations of these regulations and do not carry out their duties according to the law shall be ordered to take remedial actions by the municipal, district, and county people's governments. If remedial actions are not taken after being censured, the principal responsible persons and persons in charge of conscription related work shall be given administrative punishment by their higher units.

Those who are engaged in conscription work but do not carry out their tasks in accordance with the law, neglect their duties, practice fraud, practice favoritism, or receive bribes shall be given administrative punishment by units to which they belong if those cases are not serious enough for criminal punishment.

Article 39. People on the job who meet one of the conditions listed below and do not take remedial actions shall be dismissed or terminated by units to which they belong. People waiting for jobs who meet one of the conditions listed below shall be ordered to turn in their certificates of awaiting jobs. Operators of individual industrial and commercial establishments shall have their business licenses revoked by industry-commerce administrations.

- (1) People who evade or refuse military service registration or physical examination for military service;
- (2) People who hide their real situation or practice fraud in a serious manner;
- (3) People who escape or refuse to perform military service after being approved for enlistment; and
- (4) People who lend or alter conscription certificates and violate stipulations for the use of conscription certificates.

State organs, social institutions, enterprises, business undertakings, and individual industrial and commercial establishments shall not employ or admit people who fall into one of the above-mentioned categories; industrial and commerce administration and other related departments shall not issue business licenses or professional and technical certificates to those people; public security departments shall not handle procedures for their exit; and conscription offices of district and county people's governments may fine those people at less than three times the average preferential allowance for conscripts and their relatives in that year.

Article 40. Those who have exhibited one of the behaviors listed in the previous article for two consecutive years and refuse to mend their ways even after education, or those who have been expelled by the military for taking unauthorized leave during new conscripts' training period, shall not be employed by state organs, social groups, enterprises, institutions, and independent business concerns or be qualified for employment for a two-year period. During this period, business administrative departments or other relevant departments shall

not issue them business operating licenses or other documents certifying their technical specialties, and public security authorities shall not issue them permits to leave the country; and district and county people's governments' conscription offices may impose on them a fine equal to two to five times the average amount of subsidies given to compulsory servicemen and their dependents in that year.

Article 41. For citizens who have exhibited one of the following behaviors, public security authorities may detain them for a period of up to 15 days, and may subject them to re-education through labor in case they refuse to mend their ways despite repeated education:

(1) Those who resist or obstruct conscription personnel from performing their official duties according to the law but who have not resorted to violence or threat;

(2) Those who obstruct citizens from registering for conscription, receiving physical examinations, or enlisting in the military service by battering them, restricting their personal freedom, or resorting to various other means, but the act is not serious enough for punishment as a crime; or

(3) Those who forge military service certificates or other documents, but the act is not serious enough for punishment as a crime.

Article 42. When anyone's act of violating these regulations constitutes a crime, he shall have his criminal responsibilities investigated according to the law.

Article 43. If relevant departments fail to discipline or punish those who have violated these regulations and who should be disciplined or punished, the municipal, district, or county people's government's conscription office may request the proper authorities to take disciplinary or punitive action.

Article 44. The decision to take disciplinary action, made in accordance with these regulations, shall be in written form.

A receipt printed by the municipal financial bureau shall be written when a fine is collected. All the fines shall be delivered to the treasury.

Article 45. In the event a party concerned disagrees with the punishment meted out by the district or county government's conscription office, or by other relevant administrative authorities, he may, within 15 days upon being notified of the punishment, request a review by the municipal government's conscription office or the higher authorities of the relevant administrative department; the administrative authorities accepting the request shall make a decision within 30 days after accepting the request. If the party concerned disagrees with the review decision, he may, within 15 days after being notified of the review decision, file a suit with the people's court.

If the party concerned disagrees with the disciplinary action which the public security authorities take in

accordance with these regulations, he may, within 15 days after being notified of the disciplinary action, request a review by the higher public security authorities, and the higher public security authorities shall make a decision within 15 days after accepting the request; and if the party concerned disagrees with the review decision made by the higher public security authorities, he may, within 15 days after being notified of the review decision, file suit with the people's court.

If the party concerned neither requests a review nor files a suit within the lawful period, nor obeys the decision, the administrative authorities which mete out the disciplinary action may request the people's court to enforce the decision.

#### Chapter Eight. Supplementary Articles

Article 46. The municipal people's government may draw up detailed implementation rules according to these regulations.

Article 47. These regulations become effective on 1 November 1994.

### Economic & Agricultural

#### Economist Foresees Lower Inflation in 1995

##### Part One

HK0811035294 Hong Kong WEN WEI PO in Chinese  
8 Oct 94 p A2

["Exclusive interview" by staff reporter Yang Fan (2799 1581): "No 'Stagflation' Appears in China—Interview With Qiu Xiaohua, Chief Economist of the State Statistical Bureau (Part One of Two)"]

[FBIS Translated Text] Beijing, 6 Oct—"Stagflation" is a word often used to describe the economic situation in the West. But recently this term has also been seen in articles commenting on China's economy. Is there really "stagflation" in China? Qiu Xiaohua, chief economist and spokesman of China's State Statistical Bureau responded negatively during a recent interview with this reporter. "Stagflation" does not exist in China.

##### Necessary To Clarify What Is Meant by "Stagflation"

Before proceeding with a detailed analysis of the problem, it is necessary to get to the bottom of the matter. According to Qiu, "stagflation" refers to economic stagnation or decline with a rising rate of inflation. In other words, economic development and price rises operate in inverse proportion. However, the fact is, since China adopted the open reform policy, there have been few months, i.e. the two months beginning in October 1989, when the economy has suffered an absolute decline. Economic recovery began in China at the end of 1990. Since then China's economy has been increasing constantly, at different rates. There has never

been an absolute economic decline followed by continuous price rises. At present, the speed of China's economic growth has dropped somewhat and the price level is rather high. But to define this situation as "stagflation" is far from accurate.

#### Eleven Percent Still High Speed

Specifically speaking, from the angle of economic growth, in exercising macroeconomic regulation and control at the end of June and the beginning of July last year we have drawn lessons from the improvement and rectification drive in 1989. This time China does not adopt the method of "abrupt brake" or "hard landing." Instead some other measures have been taken, such as "point-by-point brake" and "soft landing." Along with the control of social demand and the rectification of the circulation order, the economic growth rate of the Chinese economy has been reduced from 14.1 percent in the first half of last year to 11 percent in the second quarter of 1994. In the current world, an 11-percent growth rate is rather high and so it is compared with an ordinary year in China's economy. According to estimates, the annual growth rate in 1994 will remain at the level of 11 percent, which is two percentage points higher than the 9 percent target of macroeconomic regulation and control.

#### Why Does the Price Level Remain High?

As indicated by statistics in various fields from January to August this year, it is easy to see that China's production, construction, domestic trade, and foreign trade maintained a rather high growth momentum.

Therefore, as Qiu sees it, it is untenable to say that China's economy is undergoing stagflation.

As for the problem of inflation, in Qiu's opinion the reason for the constantly high price level is rather complicated. The push from two factors, namely the lagging effect of "overheating" and "overchaos" in some economic sectors and the fairly strong force of reform in the past two years, accounts for 40 percent of this year's price rises.

In terms of the commodity mix, 70 percent of the price rise in 1994 is attributed to rising prices of foodstuffs, clothing, and daily necessities, while prices of investment goods have remained steady amid some declines. On the other hand, prices rises for foodstuffs, clothing, and daily necessities have not been caused by a shortage of market supply. Everybody can see that market supplies are both rich and colorful.

In his opinion, rising prices have two causes. On the one hand, the rising price of agricultural means of production in recent years has boosted agricultural costs. In the course of industrialization, the comparative profit from agriculture has dropped and its development foundation has weakened. Moreover, severe natural disasters this year also led to a certain degree of difficulty in grain and vegetable supplies. On the other hand, while liberalizing prices, we failed to set up an effective macroeconomic

regulation and control system. As a consequence, there was a serious phenomenon of driving up or monopolizing price rises in the circulation field, which drove price rises for foodstuffs and clothing.

In view of the above-mentioned causes, the first proposal put forth by Qiu Xiaohua is to increase supply, which includes: protecting and developing agriculture and preventing it from being overweakened in the course of industrialization; expanding supply through imports; and improving circulation channels and reducing intermediate links to facilitate the flow of goods. Second, a new administrative system following price liberalization should be established as soon as possible, including setting up a reserve system for major daily necessities, setting up risk funds, and formulating laws and regulations for a sound circulation channel to bring the behavior of traders into a legal orbit.

#### Prevent Local Stagflation From Affecting Overall Situation

It is Qiu's belief that so long as new measures are taken in the above-mentioned fields China's economy will receive the correct remedy and, in time, the present high price level will come under control and will decline gradually.

While denying the existence of general "stagflation" in China, Qiu pointed to the complicated situation. Different localities and different trades suffered from imbalanced economic development. In certain economic fields or in certain regions there might be some phenomenon of "stagflation" corresponding to the current tendency of rising prices. For example, in some regions in the northeast and northwest economic growth is slow. Due to various reasons, the metallurgical and textile industries are working under capacity. A number of state-owned enterprises are experiencing serious losses.

He called upon the departments concerned to pay full attention to these local problems and to solve them in time to prevent them from negatively affecting the overall economic situation.

#### Part Two

HK0811035494 Hong Kong WEN WEI PO in Chinese  
9 Oct 94 p A2

["Exclusive Interview" by staff reporter Yang Fan (2799 1581): "There Will Be No 'Stagflation' Either in China Next Year—Interview With Qiu Xiaohua, Chief Economist of the State Statistical Bureau (Part Two of Two)"]

[FBIS Translated Text] Beijing, 8 Oct—According to an analysis by Qiu Xiaohua, chief economist of China's State Statistical Bureau, China's economy as a whole is not threatened by "stagflation" in 1994. Is it possible that China will experience some "stagflation" in 1995 or later? The result of his forecast is still negative.



### Chinese Economy Will Still Develop Rapidly

First, Qiu thought that China's economy is endowed with the material conditions to maintain a proper rate of development. These material conditions include:

1. For more than a year China has conducted macroeconomic regulation and control, the result of which is a relatively relaxed macroeconomic environment, with resources, the supply of funds, and foreign exchange reserves much better than last year. Hence, the favorable conditions for economic development.

2. Investment in infrastructure and basic industries has been greatly increased, which has formed a productive capacity in the fields of transportation, energy, and telecommunications. This is favorable to easing "bottle-neck" constraints.

3. In the past couple of years the rate of personal savings has been rather high. Last year saw an increase of over 300 billion yuan, and this year could witness a further increase of 500 billion yuan. Undoubtedly, this is a major motive force for the high-speed growth of the Chinese economy.

4. China has a population of 1.2 billion, 80 percent of whom are in rural areas. The potentially enormous market is a uniquely favorable condition for China's economic development.

### Do Not Overlook Propelling Role of Reform

Secondly, seen from the angle of China's economic restructuring, the deepening of reform will render a driving power to economic growth. Its role should not be underestimated and will manifest its influence in the following aspects:

1. The macroeconomic regulation and control system has initially taken shape and its capacity to exercise macroeconomic regulation and control over the economy is increasing.

2. The reform of state-owned enterprises has been listed as the key link of reform next year. Economic efficiency in some state-owned enterprises has been further improved.

3. China has been quickening the pace in the drive to marketization, and the market's role in allocating resources has been greatly strengthened.

4. Nonstate-owned economic sectors, including foreign-funded enterprises, the individual economy, and the private economy has rapidly forged ahead. Their economic growth accounts for about 75 percent of the total increase in the past few years.

Third, China enjoys an excellent situation in opening to the outside world, steady economic development, and a stable political situation. All this has filled foreign investors with redoubled confidence. The endless flow of

foreign resources, funds, and technology has become a major support for China's economic growth.

Qiu added that the above analysis has proved from the angle of objective conditions that China's economy will not be bogged down in the dilemma of stagflation. On the other hand, in terms of subjective conditions, there is no possibility either of economic stagflation in China.

Qiu said that both the central government and local governments and government institutions, as well as common people, cherish the desire that China's economy will maintain a certain speed of growth. Nobody wants to see economic decline. This subjective desire will render great propelling power to China's economy.

According to Qiu's estimates, the growth rate in 1995 will not be lower than 8 percent and more probably will be at the 9-10 percent level.

### Price Level Will Be Lowered in 1995

With regard to the inflation trend, Qiu stated that it will be difficult to reduce the inflation rate in the short term. The high level of prices will continue for several months. However, in 1995 the price level will be lower than this year and will probably be reduced to the 1993 level, i.e., the inflation rate will be about 13 percent. If the measures are effective, there is also the possibility that the inflation rate will be less than 10 percent.

Qiu told this reporter that the focus of work in 1995 should be laid on the following five aspects:

- First, try by every possible means to do a good job in agricultural production. The various measures issued by the central government for reinforcing agricultural production should be carried out in a thorough manner. Whether or not the economic situation can turn for the better in 1995 will depend on China's agricultural situation.

- Second, to have good control over the strength of macroeconomic regulation and control. On the one hand, the investment momentum should be appropriate. The real increase in investment, after allowing for price rises, should not be lower than the rate of economic growth, and the focus of investment should be shifted to infrastructure, basic industries, and the transformation of key enterprises. On the other hand, the momentum of currency issuance should also be appropriate. Currency issuance should be neither too tight, nor too loose.

- Third, the focus of reform should be shifted to the microeconomic field. If reform of state-owned enterprises cannot be carried out effectively, reform of the macroeconomic system this year will not be implemented satisfactorily either.

- Fourth, the function of government should be really changed to meet the demands of the market economy.

Fifth, democratization and institutionalization constitute an important factor in maintaining social stability and in standardizing the economic order. China's economy has entered a new phase in which it is imperative to reinforce the law.

Qiu said that if a good job can be done in the above five fields it is still very possible that China will enjoy an ideal situation in which its economy undergoes rapid development and the price level gradually falls.

#### **Official on Situation in Special Economic Zones**

HK0811080994 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1132 GMT 23 Oct 94

[By staff reporter Liu Hong (0491 4767) ]

[FBIS Translated Text] Dalian, 23 Oct (ZHONGGUO XINWEN SHE)—When I interviewed Hu Ping, the director of the State Council Special Economic Zone Office, about this time last year, he commented on the development of special economic zones. His original views, which were carried by newspapers at home and abroad, evoked strong repercussions. I listened to his fresh views when interviewing him today.

#### **The Sea of Bitterness "Is Not Boundless", Yet Turning Back You Will Find "the Shore Is Not at Hand"**

As the Buddhist saying goes: "Boundless is the sea of sorrow, yet a man who will turn back can reach the shore." This usually means it is never too late to mend. Hu changed two characters of the saying to give it a new flavor, implying the general situation of the reform and opening up is irreversible.

Hu said that the general situation of China's reform is irreversible no matter what happens.

He said that the planned economy as adopted in the past has made certain contributions to China's economic development. But, under the planned economy, we guided the economic operations by a closed and simple administrative means. Such a means does not suit the modern economy popular worldwide.

Hu had tried his utmost to implement various policies under the planned economy when he was Fujian governor and minister of commerce. He said: "My feeling is that the planned economy is actually a sea of bitterness. We suffered one way or another under the planned economy. Take grain for example. Needless to say, the country suffered when less grain was harvested than planned. However, the peasants suffered when there was a bumper harvest because they had difficulty selling their surplus grain and could only exchange their grain for the government's white slips as IOUs. Again, when a low grain price was fixed, the peasants suffered; on the contrary, the consumers complained when they had to live on expensive grain. The regulation is much more flexible when the macrocontrol system has been established under the market economy."

Hu said that we are now moving from the bitter sea of the planned economy toward the shore of the socialist market economy. If we want to succeed, we must continue to carry out reform and open China to the rest of the world as instructed by Deng Xiaoping, rather than turn to the Bodhisattva for help. There is no turning back and nobody is willing to drag China back to the beaten track.

Concerning the reform in China, it is safe to say the socialist market economy is roughly in shape. The measures adopted this year to vigorously accelerate reform will enable China to take a decisive step forward toward the socialist market economy in carrying out our general economic plan. However, our market economy, which we introduced only a short time ago, remains immature, so many things need to be improved and many difficulties overcome.

We face the GATT membership problem in opening to the outside world. To reenter GATT, we have implemented the Uruguay Agreement and are making efforts to follow international conventions. The argument that China can be regarded as a developed country, which represents a demand for an exorbitant price, is unacceptable. It is impractical for the world organization to exclude China. As viewed from the angle of the world economy, China is the last biggest market in the world. At present, large foreign companies and transnational corporations will be considered to have drawn up a defective development strategy if they fail to break into the China market. We are convinced China's GATT membership is round the corner because this meets the needs of the two sides.

#### **From Eating Apples to Eating Grapes**

In China there are altogether 700 development zones approved by the state, provinces, and municipalities. The three state-level development zones approved this year are: the Singapore Suzhou Industrial Park, the Beijing Economic and Technological Development Zone, and the Urumqi Economic and Technological Development Zone. Hu told this reporter positively that cities along the main communication arteries would open to the outside world in turn and that state-level economic and technological development zones would be set up in a dozen and more provincial capitals.

China is continuing to open its doors wider to the rest of the world at a rapid pace and foreign businessmen have almost managed to keep pace. Hu said foreign businessmen have changed from eating apples to eating grapes. "The apple is eaten one by one but the grape one string by one string."

Hu continued that China has clearly stated that foreign businessmen are allowed to set up holding companies in China. China will also improve the investment environment to induce foreign conglomerates and transnational corporations to set up headquarters in China or move their Asia or Far East headquarters to China. This means

these companies can set up their bases in China and from there they can give directions to their enterprises in Asia and the Far East on the strategy for expansion. An important criterion for judging the degree of internationalization of a city is the number of branches set up there by major foreign banks and of the regional headquarters set up there by foreign transnational corporations.

When talking about the predictions he made last year, Hu said his predictions had been verified to varying degrees. For instance, foreign investors have gradually moved from coastal areas to the hinterland and shifted their interest from the manufacturing industries to infrastructure. Again, some new forms of joint venture and cooperation have emerged. For instance, foreign businessmen made investment in the general sense in the past and they are now interested in the acquisition of property rights for old enterprises while the Chinese side has also offered a number of efficient enterprises, including state enterprises, for joint operation or for cooperation in the hope that this will speed up the change in the operational mechanism of old enterprises and that the modern enterprise system will be set up at an early date. The military enterprises-turned civilian enterprises created new points of economic growth when they were joined by foreign funds and technology. Foreign-funded enterprise in coastal areas also set up enterprises in the interior of the country.

#### **Official on Boosting County-Level Economy**

*HK0811082194 Beijing ZHONGGUO GAIGE in Chinese No 9, 13 Sep 94 pp 11-12, 28*

[Article by Vice Finance Minister Zhang Youcai: "Train of Thought on Developing China's County-Level Economy"]

[FBIS Translated Text] The county-level economy serves as a starting point for the entire national economy and as a basis for social, political, and public stability as well. The development of the county-level economy, especially the economies of poor counties, is directly related to the realization of our two major targets of struggle by the end of this century. Ever since the Third Plenary Session of the 11th CPC Central Committee, the policy of reform and opening up has given a "gold key" to the development of the county-level economy, guiding hundreds of millions of people onto the road of becoming prosperous. The county-level economy has undergone considerable development: A diversified economy has sprung up all over China's vast rural areas, thus providing the urban market with abundant supplies; enjoying rapid growth, township and town enterprises have now become a major pillar of the entire national economy; notable improvement have been made in the living standards of the people in terms of both quantity and quality; and great development has also been registered in the development of the county-level economy, a prerequisite for stabilizing the entire rural areas and consolidating rural grass-roots power organs. However,

we must notice with a sober mind that the development of the county-level economy is still imbalanced and the gap between different regions is widening. Statistics from our surveys show: The GNP of the eastern, central, and western parts of China respectively accounted for 52.2, 31.2, and 16.5 percent of the national total in 1990, while the figures stood at 55.8, 29.3, and 14.9 percent in 1991. The number of poor counties, which are scattered throughout China's 22 provinces and autonomous regions, still make up one-third of the total.

In 1992, China had a total of 1,305 counties needing financial subsidies, making up 53.4 percent of the country's county-level units, and state finances spent 36.2 billion yuan on subsidies and allowances in that year. Despite all these efforts by the state, 1,095 deficit-making counties remained in 1992, accounting for 44.8 percent of the total number of county-level units, many of which were even unable to pay wages on time. We can therefore say that while the central government is in financial straits, the county-level governments are beset with more and greater financial problems and difficulties.

It thus can be seen that the county-level economy remains the weakest link in the entire national economy. A fundamental way to bring prosperity to the people, counties, and our country is to expedite the growth of the county-level economy, enhance the development level of the productive forces, invigorate our economy in a comprehensive way, optimize the country's industrial structure, and rationalize the regional setup of the productive forces under the policy guidance of taking the overall situation into account and bringing about balanced development.

To boost the development of the county-level economy, we need to draw up a whole set of workable plans and methods for fully arousing the enthusiasm of the masses. What is more important at the moment, however, is to work out a whole set of tactical measures; to be more specific, we should concentrate our efforts on the following five "two's."

#### **Special attention should be paid on the two foundations: Agriculture and education.**

To expedite the development of the county-level economy and find solutions to agriculture-related problems, we need to, strategically, acquire a correct understanding of the special importance and urgency of agriculture to the overall situation, and, tactically, handle well four issues in each of the following four aspects:

1. Reinforcing four major pillars: a) Pure agriculture; b) a diversified economy; c) township and town enterprises; and d) exports of labor services mainly in the construction industry.

2. Readjusting four major structures. It is necessary to a) readjust the internal structure of crop farming, promote the production of quality and special cash crops under



the prerequisite of stabilizing grain and cotton output, and develop a highly efficient type of farming that provides greater and better yields; b) readjust the internal structure of livestock breeding and raise more grain-saving herbivorous animals and poultry; c) readjust the internal structure of township and town enterprises, deepen enterprise reform, and improve and reinforce the operating mechanism of enterprises; vigorously promote technological progress and scientific management; actively readjust the industrial structure and product mix, and energetically develop the intensive processing of agricultural and sideline products to transform them into commodities as well as improve their value and efficiency; develop an export-oriented economy and enhance the quality and grade of products for export; expand the operational scale and enhance the grade, standard, and economic efficiency of township and town enterprises to turn them into a major pillar for the county-level economy in real terms; and d) readjust the structure of labor service exports; and with the aim of transferring surplus rural labor from farming to nonagricultural occupations, we need to encourage experts in labor services, farming, and the "shopping basket" project in such industries as construction, services, and transport to take part in large-scale circulation and train able personnel who have mastered certain professional skills, can satisfy the needs of different industries and trades, and are willing to work under hard conditions.

3. Giving better play to the four superiorities: a) superiority in a diversified economy; b) superiority in water power; c) superiority in land; and d) superiority in a multidimensional agriculture.

4. Upholding four reliances: The first is our reliance on government policies. It is imperative to conscientiously follow the party's rural policies and consolidate and improve the responsibility system, the main form of which is the household contract system with remuneration linked to output and the system of unified management combined with independent management. Economically advanced regions should develop a scale economy, and concentrate their efforts on enhancing agricultural productivity and land fertility.

The second is our reliance on science and technology. Since science and technology constitute the primary productive force, we must invigorate agriculture by applying scientific and technological advances. We must be aware that currently the scissors difference between industrial and agricultural prices is widening, the comparative effectiveness of crop farming is declining, and so is the enthusiasm of the peasants for farming. What is more, we are also faced with challenges brought about by population growth and a drop in the total acreage under cultivation. China's net population growth of nearly 15 million each year means that an annual increase of as much as 6 million tonnes of grain only manages to maintain the present per-capita grain consumption. China ranks third from bottom in per capita area of arable land among 26 countries which have a population

of more than 50 million; today, the total area of farmland continues to diminish day after day, which has resulted from the development of infrastructural facilities concerning urban construction, transportation, and energy.

What is more, this trend of population growth and farmland shrinkage will remain an irreversible one for a considerably long period to come. Apart from these, we are also confronted with two unavoidable facts: One is the people's increasing demands for a higher quantity of and better quality foodstuffs and raw industrial materials, and the other is the acute competition China will have to face in both domestic and overseas markets after its reentry to the GATT. Both the "irreversible" trend and the "unavoidable" facts that have long existed in China's agricultural production will impose increasingly heavy pressure on agriculture as a basic industry. Therefore, our only way out is to conscientiously act in accordance with Comrade Deng Xiaoping's scientific theory that "science and technology constitute the primary productive force" and the guiding ideology of relying on science and technology for solutions to problems and difficulties.

The third is our reliance on investment in agriculture. We must understand clearly that peasants are the main body of this investment, while the government is also expected to constantly increase its inputs to agricultural production, particularly in poor areas. With relatively poor living conditions, poverty-stricken areas usually enjoy rich land resources; therefore, we should tap the latent potential of these poor areas and turn their superiority in land resources into an economic and commodity advantage.

The fourth is our reliance on the leadership of party organizations. Highly efficient and honest county-level leading bodies which conduct studies conscientiously, stress unity and coordination, and work steadfastly for the people are the key to a sustained, rapid, and healthy development of the county-level economy. We should take earnest efforts to strengthen the party's leadership over agriculture and rural work; improve the comprehensive building of village-level party organizations with party branches at the core, the building of village-level economic sectors which focus on reinforcing service functions, and the building of village-level systems with democratic management as the main content; and regard and carry out these three buildings as a systems project.

To do this, we should concentrate our efforts on selecting qualified secretaries for party branches, building up good party branches, opening more ways for people to become prosperous, and putting a whole set of sound systems into practice.

Education serves as a foundation for long-range programs. Governments at the county and township levels should bring education into the overall planning of local economic and social development; promote elementary, vocational, and adult education at different levels;

improve the quality of laborers; and draw up an overall plan for the development of our economy, science and technology, and education. To successfully implement the strategy of invigorating agriculture and construction by applying scientific and technological advances and by promoting education, we should take earnest measures to integrate in an organic way the "prairie fire program" with the "spark project" and the "harvest project."

Our close attention to the two foundations of agriculture and education will not only provide us with a "shortcut" for the development of the county-level economy, but is also where our hopes of boosting the future growth of the county-level economy lie.

**Attention should be concentrated on two key points: The market and economic efficiency.**

We all know that China is a huge market, of which the rural areas constitute the largest part. If we fail to enhance the purchasing power of peasants, the country's industrial development, and even the growth of the entire economy will lose their supporting base. Therefore, units at the county level serve as links in current large-scale production, circulation, and market. By organizing and developing the county-level economy in line with the requirements of industrialization, we mean that different localities should, proceeding from their local resources and basic conditions, determine their own leading industries and products according to the demands of both domestic and overseas markets and establish a streamlined production and management system for crop farming, livestock breeding, and processing which is featured by the integral coordination of production, supply, and marketing; by the comprehensive management of agriculture, industry, and commerce; by the combination of domestic and foreign trade; and by the integration of economy, science, and education.

By doing this, each county can attain its goal of regional development and turn all their industries and trades into independent ones which enjoy an improved ability to achieve self-development. This is one organizational form of large-scale modern production and is also an effective way to enlist the support of industry and agriculture for market economic development.

The concrete means of doing this are as follows: First, we need to decide on which industries need to be further boosted in accordance with market demands and resource conditions and establish industry groups marked by mutual dependence and coordinated development among leading industries, supporting industries, and new industries.

Secondly, to introduce professionalized production and integrated management a new organizational form of production needs to be put into practice, which is reliant on existing specialized economic departments as well as enterprises and organs in the processing, circulation, and

service sectors and can integrate the small-scale production of numerous rural households with socialized mass production by linking rural households with enterprises processing agricultural and sideline products, circulation enterprises, and trade and professional associations. Third, we need to, according to the principle of proceeding with the easiest ones first, put into effect our plans for industries and products step by step.

Fourth, we can set up wholesale markets for bulk agricultural products, industrial consumer goods, and the means of production in county towns, and by so doing, we can successfully link general industry with township and town enterprises as well as with the vast rural areas, promote rational flows and optimize the allocation of the key elements of production, and build county towns into production, sales, and distribution centers for major commodities.

Economic efficiency is an indicator of the economic development level and is also a basis for long-term, sustained, rapid, and healthy national economic development. For an enterprise wishing to gain a foothold amidst market competitions and to attain success in operations, how to achieve optimum economic efficiency is of vital importance. This can be done by the following means:

1) Efforts should be taken to change the operating mechanism of state enterprises and explore ways of establishing a modern enterprise system, give corporate property rights to enterprises, establish a highly efficient operating mechanism, and ensure that the value of state assets is increased and preserved.

2) Management efficiency needs to be stressed.

3) Attention should be paid to the efficiency of projects. To make decisions on an economic project, we should judge from the orientation of the project—whether or not it suits the state policy on developing domestic industries; from the future of the project—whether it has realistic and potential markets; by the quality of enterprises involved—whether or not they have the ability to complete and operate the project successfully; by the debt-repayment ability of the enterprises involved; and by the economic returns of the project.

4) We should place emphasis on time efficiency, shorten the construction cycle, and pool human, financial, and material resources to ensure the successful completion and operation of one project at a time. When gathering funds for production and construction purposes, we must lay particular stress on fund-raising efficiency, which means that money should be borrowed at the right time, put to appropriate use, and repaid without delay. It is also important to accelerate the circulation of commodities and reduce circulation links so that consumers can gain access to the commodities they need at the lowest costs, by the most convenient means, and in the least possible time.

5) We should try to improve economic efficiency by applying scientific and technological advances. To do this, we must vigorously carry out technological innovation and revolution, enhance the quality of products, reduce consumption, and lower costs.

6) We should stress scale efficiency.

7) We also need to pay attention to the efficiency of man and enhance the quality of laborers. We can attain sound economic efficiency so long as laborers enjoy high quality, a good sense of responsibility, satisfactory work efficiency, and a sound ability to turn out high-quality products.

**Attention should be paid to two major issues: Technological transformation and investment environment.**

On the subject of technological transformation, efforts should be taken, first of all, to transform and upgrade existing traditional industries in accordance with both market demand and the requirement to enhance economic efficiency; by doing so, traditional industries can gain the ability to produce more advanced products of various designs and varieties, enjoy access to diversified raw materials, and optimize their economic efficiency; second, to transform and improve the efficiency of industries and groups with the aim of enhancing their overall standards as well as their overall efficiency level; and third, to do a good job in digesting and assimilating technologies introduced from abroad and have the courage to blaze new trails. We should introduce the type of technology and equipment that can serve our purpose, be possessed by us, and be used and applied in a creative way.

The above two key points can serve as two wings. With these two strong and fully grown wings, our economy can make a flight of 10,000 li toward a bright future.

**It is imperative to open two doors: Counties are required to open their door to the outside world in an all-round way, one door opening to localities and units at lower levels under their own jurisdiction, and the other opening to units at higher levels as well as to other parts of the country and the world.**

Counties and townships are required to open wide their doors to localities and units at lower levels under their own jurisdiction and, at the same time, welcome and encourage other areas of the country to come and launch projects on a cooperative basis: In cooperating with localities, industries, and major enterprises, counties should provide services on their doorsteps and willingly play a supporting role. In cooperating with units at higher levels, counties should call on these units to seek advice or invite them to counties to give counsel. From areas where natural resources and raw and semi-finished materials abound, counties can introduce the resources and materials they need and, at the same time, export their own products and labor services to these areas. From economically advanced regions, counties can

introduce and obtain technology and capital, and, at the same time, export their special local products and labor services to these areas.

In cooperating with colleges and universities as well as scientific research institutions, counties can gain access to scientific research results, technologies, and able personnel, and, at the same time, provide services for these institutions.

Through cooperation with foreign countries, counties can introduce funds, technologies, able personnel, and managerial skills, and, at the same time, find more export markets for their commodities.

**It is important to straighten out two relationships: material and spiritual civilizations.**

The building of material civilization can provide material conditions and practical experience for the building of spiritual civilization, while the latter can provide moral encouragement and intelligence support for the former. It is our general requirement to concentrate our attention on two types of work and strive for good results through hard struggles. Economic construction should be boosted to a new level and so should ideological building. During the course of building two civilizations, cadres at all levels should play an exemplary vanguard role: They should go deep down to the grass-roots level—so that they can acquaint themselves with public feelings, the realistic situation, people's practical problems, bring out real work results, and set an example—in uniting people, being honest and diligent in administering the government, and seeking truth from facts. They should work out practical methods—that is, concrete work plans as well as a strict responsibility system for the building of two civilizations—and they should optimize administrative behaviors to ensure that all government decrees are carried through smoothly and with real results, that all orders and prohibitions can be strictly enforced, and that the malpractice of "just this once" will be put to an end.

Moreover, we should lose no time in setting up a perfect democratic and scientific decisionmaking system, refrain from engaging in short-term behavior, and reinforce authoritarian supervision. So long as we bring into full play the prowess of leadership, the might of the party's fine traditions and "three major work styles," and the power of political and ideological work, we can surely turn cooperation between cadres and masses into a tremendous force, arouse to the maximum the enthusiasm of the masses, unite all forces that can be united and encourage them to plunge themselves into the mighty torrent of invigorating the county-level economy, and attain the goal of making our country and counties rich and prosperous.

**Illegal Futures Trade of Foreign Exchange Banned**

OW081111594 Beijing XINHUA in English 0828  
GMT 8 Nov 94

[FBIS Transcribed Text] Beijing, November 8 (XINHUA)—China is staging a crackdown on illegal futures trading of foreign exchanges, said "CHINA SECURITIES" today.



Four government bodies, the China Securities Regulatory Commission (CSRC), the State Administration of Exchange Control (SAEC), the State Administration for Industry and Commerce (SAIC) and the Ministry of Public Security (NPS), issued a joint circular, pledging to investigate and punish illegal activities on the foreign exchange trading market.

The circular said that all financial firms conducting foreign exchange futures trading should first win approval from the CSRC and the SAIC.

Both trading sides involved in unapproved trading will not be protected by law.

The circular urged the institutions conducting illegal trading to stop receiving new customers from the date the circular was issued.

Institutions which have defraud customers will be fined or given legal punishment and illegal gains will be confiscated.

Those firms conducting foreign exchange trading in the name of providing consultancy services for financial futures and investment will be fined and in some cases their business licenses may be cancelled.

The newspaper said that some domestic institutions conducted futures trading without approval from the relevant government organs in the last two years.

Some domestic firms even did deals with unlawful overseas groups to defraud customers of their capital.

Their illegal activities have caused financial disorder and led to a drain of foreign exchange, the newspaper said.

### **China Lures Foreign Investment in Power Industry**

*HK0811081594 Hong Kong TA KUNG PAO in Chinese 30 Sep 94 p 37*

[Special dispatch" by staff reporter Kung Shuang-yin (7255 7175 0603): "Mainland Relaxes Restrictions for Foreign Capital To Participate in Electric Power Projects"]

[FBIS Translated Text] China's electric power market is further accelerating its pace of opening to the outside world. Following the recent listing of Shandong Huaneng and three other electricity companies overseas, the Chinese are now looking into the possibility of issuing electricity bonds, establishing an electric power fund, and issuing shares in their effort to directly tap overseas capital and experiment with new forms of cooperation with international monetary organizations. There are also plans to further relax restrictions on foreign capital participating in electric power projects. At present, China's power industry has already successfully made use of foreign capital in a variety of ways. Not long ago, Shanghai gave the green light for the establishment of

solely foreign-funded power plants. According to Minister of Power Industry Shi Dazhen, in the development of major projects such as amplitude and frequency modulation power plants, the state must have a controlling share of no less than 51 percent while foreign investors may participate in the projects. Other projects are, in principle, open to all and different forms of equity participation may be adopted. Whoever has the ability will be allowed into the market.

China's electric power market is attracting an increasing number of foreign investors. According to informed sources, foreign investors have been making frequent contacts with the Chinese officials concerned since the beginning of this year, with at least two invitations a month from officials at the ministerial level. Receptions given by local power industry officials are even more frequent. Last year, the Sichuan Provincial Power Industry Bureau received 58 foreign delegations from 11 countries and regions, with the visitors numbering over 200.

China began opening its power industry to the outside world in 1979. At that time, China mainly made use of foreign capital and imported foreign equipment, technologies, and advanced managerial methods. According to the Ministry of Power Industry, contracted foreign investment totaled \$14.331 billion in 1993. Making use of loans from the World Bank and from the governments of Japan, Russia, the United States, France, Italy and other countries, China started 63 hydropower, thermal power, nuclear power and transmission projects with a total capacity of 40 million kw. Thirty-one of these projects have been completed and put into production at a total cost of \$10.476 billion. China also imported 352 units of hydropower and thermal power generating equipment with a total generating capacity of 19.9 million kw, accounting for 12.3 percent of the national total of equipment having a capacity of 6,000 kw or above. Some of these projects are joint-venture power plants, including the Huaneng, Dalian, Shangan, Fuzhou, Nantong, Luohuang, and Yueyang Power Plants and the partially Hong Kong-funded Daya Bay Nuclear Power Plant built with equipment imported from Britain and France.

Minister of Power Industry Shi Dazhen said: China has a huge market for electricity. Our generation needs to run power plants, as do the generations of our children and grandchildren. Foreign firms see great potential in China's electricity market and are rushing into China. Experts predict that the world's power generating volume will grow at an average rate of 3.5 percent a year by the end of this century, while that of the developing countries will average 6.75 percent. Based on conservative estimates, the growth rate for China will be around 9 percent by the end of 2000. As envisaged by the Ministry of Power Industry, China's total installed capacity will be 300 million kw by the end of this century. An additional 15 million kw of equipment will be installed annually between 1995 and 1997, and an

additional 20 million kw will be installed annually between 1998 and the year 2000. In addition to domestic funds, China will also raise funds from abroad. If all goes according to plan, China will make use of \$25 billion to develop its power industry over the next six years.

The truth is, the potential of China's electricity market goes far beyond this. With a population of 1.2 billion, China will need an installed capacity of a staggering 1.2 billion kw to reach the per capita power generation level of 1,000 kw already achieved in the developed countries today. A market of this size naturally proves immensely attractive to overseas investors.

### **Economizing on Electricity 'of Vital Importance'**

*HK0811053494 Beijing ZHONGGUO XINWEN SHE in English 1216 GMT 7 Nov 94*

[FBIS Transcribed Text] Zhengzhou, November 7 (CNS)—Per capita annual electricity consumption in China is 709 kilowatt-hours at present, only making up one-twentieth of America's per capita electricity possession, and China has been in a state of short supply of electricity for 24 years. Leading figures in power circles attending the working meeting on economy of electricity opened here recently believed under the circumstance of shortage of funds, as an effective supplementary measure to electricity exploitation, economy of electricity is of vital importance to the development of national economy.

Mr. Shi Dazhen, minister of power industry, also said economy of electricity was an important factor to guarantee continuous, fast and healthy development of national economy.

Energy generating capacity in China ranks the third in the world. However, due to the large population, China's average resources possession (including coal, petroleum and natural gas) only accounts for one-seventh of that of the previous Soviet Union and one-fourth of America. China's utilization rate of energy constitutes three-fourths of that of developed countries. Therefore, the notion of practising economy must be established and economy of electricity must not be neglected.

In fact, China has great potential in terms of economizing on electricity. For example, electricity consumption in the course of production of one tonne of electrolytic aluminum in China is more than that in developed countries by 2000 kilowatt-hours. Electricity consumption by turbo-water pump makes up 30 percent of the total electricity consumption of the country, while its operating efficiency is 10 percent to 20 percent lower than that of developed countries. If China can match advanced world levels in operating turbo-water pumps, it will be able to economize on electricity by 30 billion kilowatt-hours every year in this aspect alone.

Relevant department plans to try to make electricity consumption of one unit production value drop by 8 percent to 10 percent during the seven years from 1994

to 2000, namely to economize on electricity by 120 billion to 140 billion kilowatt-hours. If this goal can be achieved, the shortage of electricity supply in China would be greatly eased.

### **Measures Adopted To Expand Firms' Business Scope**

*HK0811122194 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0726 GMT 30 Oct 94*

[FBIS Translated Text] Beijing, 30 Oct (ZHONGGUO TONGXUN SHE)—China's State Administration for Industry and Commerce has recently adopted the following 10 measures in order to expand the business scope of enterprises:

1. Enterprises are allowed to engage in comprehensive business and intertrade business in keeping with their own conditions.
2. Enterprises are allowed to readjust, exchange, and sell their acquired raw and semifinished materials and the means of production whose variety and specifications do not conform to the standards.
3. Enterprises engaging in commerce, supplies and marketing, and materials have their limitations on wholesale, retail, storage, and transportation relaxed.
4. The limitations on the business scope of the material capital system outside the plans of supply and marketing enterprises in its own region will be removed and they are allowed to deal in automobiles.
5. Consumer registration is allowed for large and medium-sized enterprises when they export commodities and import raw and semifinished materials.
6. With the direct approval of and registration with the registration organ in charge, special foreign-trade enterprises that apply for importing their own commodities, barter commodities, home-manufactured import substitutes and for dealing in domestic trade within the business scope will have its application granted.
7. Enterprises are supported in organizing their redundant personnel for setting up an independently-run tertiary industry that assumes sole responsibility for its own profits and losses.
8. Financial enterprises are allowed to set up nonfinancial enterprises with their own funds.
9. When an enterprise registers for a new operation, it will be processed and examined by the department concerned in accordance with relevant state regulations. It can then apply directly for other trades and production or business projects without going through the preset approval procedures.
10. If an enterprises changes its registration, it can apply directly for the change to the registration organ in charge without having to turn over approval documents sent by the department in charge.

### Leasing Trade Develops Rapidly on Mainland

HK0811122494 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0726 GMT 30 Oct 94

["Special feature" by reporter Si Liang (1835 5328):  
"Modern Leasing Market Develops Rapidly on Main-  
land"]

[FBIS Translated Text] Hong Kong, 30 Oct (ZHONG-  
GUO TONGXUN SHE)—The modern leasing trade,  
which is called the "rising sun industry" on the main-  
land, is developing at a fast speed. In a 10-year period  
since 1981 when it started, the leasing trade developed at  
an annual growth rate of over 25 percent, and the  
accumulated total of leasing deals in the country  
amounted to about \$4 billion, whereas the developed  
projects including aircraft, cars, technological facilities,  
and production systems, numbered at over 10,000. At  
present, the mainland has over 100 leasing companies,  
among them about one-third are Sino-foreign joint ven-  
tures. In addition, there are several hundred financing  
banks, credit and investment companies, and foreign  
trade and materials departments which also operate  
sideline leasing businesses, as well as the units managing  
whole sets of facilities that set up subsidiaries to run the  
rental business.

The modern leasing business in China was started as a  
result of a promotion by Vice President Rong Yiren.  
After returning home from an overseas inspection trip in  
the late 1970's, he proposed "developing a leasing trade  
with Chinese characteristics, and allowing leasing to play  
a role in promoting the national economy and the four  
modernizations." Modern leasing businesses may enable  
enterprises to obtain the facilities they cannot obtain  
otherwise, and realize utilization value ahead of  
schedule, so that they can spend less money, do bigger  
things, and accomplish things quickly. Since the eco-  
nomic reform and opening up on the mainland, this kind  
of leasing business has been accepted by more and more  
mainland enterprises.

The development of the leasing market on the mainland  
in recent years shows both cause for concern and grati-  
fication. On the one hand, implementation of the finan-  
cial and taxation reform measures has forcefully pro-  
moted the development of the leasing market. For  
example, the merging of the exchange rates of the yuan  
and the eventual realization of free exchange can help  
enterprises to solve some of the problems of the use of  
foreign exchange in the leasing involving foreign firms;  
the unification of the taxation systems for Chinese and  
foreign-funded enterprises can boost state-owned enter-  
prises' ability to compete in the leasing market; and the  
banking system reform and the establishment of a stan-  
dardized system can help the leasing market to further  
obtain a financial guarantee. On the other hand, the  
unsound rules and regulations on leasing and the inade-  
quate sources of foreign exchange in the leasing compa-  
nies are hidden worries in the development of the leasing  
market on the mainland.

But generally speaking, the persons in the trade are quite  
optimistic about the mainland's prospect for developing  
an international leasing business. They have analyzed  
the situation. First, the leasing business on the mainland  
merely accounts for 5 percent of the investment in  
facilities in the nation and is far lower than the 15-30  
percent in the countries where the leasing business is  
developed. Second, among the 400,000 large, medium,  
and small enterprises in the country, many have old  
facilities and need technological transformation through  
leasing and renewal of facilities. Third, the number of  
Sino-foreign joint-venture leasing companies occupies a  
very small proportion of the total number of foreign-  
funded enterprises on the mainland, so there is much  
room for development. And fourth, more and more  
international leasing companies have come to China to  
develop business, and the potential in leasing and  
financing is great, for example, Hong Kong's (ding hip)  
International Leasing Company last year arranged  
financing and leasing projects for the mainland,  
including nine machinery and equipment projects and  
three aircraft, involving a total of 1 billion Hong Kong  
dollars. In addition, the Chinese authorities have also  
adopted some preferential policies toward the leasing  
business, and cherished and supported the healthy devel-  
opment of the leasing market. Thus, the leasing business  
is now capable of great development on the mainland.

### Some Small State-Owned Firms Operated Privately

HK0811053394 Beijing ZHONGGUO XINWEN SHE  
in English 1238 GMT 7 Nov 94

[FBIS Transcribed Text] Beijing, November 7 (CNS)—  
According to the latest investigation of the State Com-  
mission for Restructuring Economy, management  
methods such as "non-government operation for state-  
owned enterprise" or "private operation for public-  
owned enterprise" have been implemented throughout  
China.

Leasing state-owned commercial cooperatives and grain  
stores for private operation has become the main feature  
of the reform, especially in provinces, prefectures,  
municipalities and counties in the Northeast, north  
China, the Northwest, east China as well as central and  
south China.

At the moment, provinces and cities like Beijing, Liaon-  
ing, Jiangsu, Shanghai, Tianjin, Hubei, Guangdong and  
Fujian have all achieved remarkable results in their  
reform. Nanjing, for example, implemented private  
operation for 35 percent of its small-sized state-owned  
shops each with an annual sales value less than RMB  
[Renminbi] 2 million. Consequently, 80 percent of such  
shops were able to reverse from loss to profit-making.  
Some of them even paid a profit tax of eight times more  
than before and most staff had a one to two times  
increase in income.



**Urban Residents' Income, Expenditure Increasing***OW0811025294 Beijing XINHUA in English 0248  
GMT 8 Nov 94*

[FBIS Transcribed Text] Beijing, November 8 (XINHUA)—The per capita income and expenditure of urban residents in China have witnessed a drastic increase this year, according to the State Statistics Bureau.

Between January and September of this year, the monthly per capita income of residents in urban areas was 255 yuan, 34.6 percent higher over that of the same period of last year.

And the monthly per capita expenditure was 227 yuan in the nine months, 34.1 percent up.

After cutting the inflation factor, the per capita income increased by 8.2 percent in real terms, and per capita expenditure was up by 7.8 percent in the nine months compared with the same months of last year.

As their income increased, the living standards of urban residents have been raised.

The monthly expenditure on food was 112 yuan, 33 percent up over that of last year.

Chinese residents now like to buy more fashionable and high quality clothes. The expenditure on clothing has maintained at about 14 percent of their income.

The urban residents spent 19.5 percent more on clothing from January to September.

At the same time, the expenditure on household facilities and furnitures increased by 44.5 percent.

The monthly expenditure on transportation and telecommunications was up 51.7 percent.

**Consumer Markets Witness Unbalanced Development***HK0811095394 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0754 GMT 28 Oct 94*

[FBIS Translated Text] Beijing, 28 Oct (ZHONGGUO TONGXUN SHE)—As disclosed by a pertinent department, the phenomenon of polarization in consumer markets has become increasingly conspicuous in China since the beginning of the 1990's. In the commodity markets on the mainland at present, some manufacturers and large shopping centers lack correct assessment of the overall social consumption level, hanker after the production and marketing of high-grade commodities, and ignore the development and sales of ordinary goods. As a result, the markets have been flooded with high-grade products on one hand, and short of fine ordinary goods in a great variety on the other, thus leading to an unbalanced situation in consumer markets.

It has been learned that owing to the shortage of medium- and low-grade articles of everyday use, hardware products, and low-grade durables, and to the lack of

a considerable variety, the nationwide sales of consumer goods only increased by 4.7 percent in the first six months over the same period of last year, which was lower than the average growth rate of 7 to 8 percent in a normal year. As light industrial production continues to maintain a relatively high growth rate, there are signs of negative effect in the inadequate ultimate consumption of manufactured goods for daily use. The statistical data of the Ministry of Domestic Trade have demonstrated that in the first six months of this year, although the nationwide sales value of light industrial products grew by 18 percent over the same period last year, yet it was 2.1 percentage points lower than the industrial output value. The sales rate of industrial products also decreased by 1.8 percent over the same period last year, which was 3 to 4 percentage points lower than the normal level. This has inevitably led to the stockpiles of some commodities.

**RENMIN RIBAO Urges Developing Famous Brands***HK0811080894 Beijing RENMIN RIBAO in Chinese 2  
Nov 94 p 2*

["Comments After Editing" column by Wen Niu (2429 3662): "Eliminate the Inferior and Support the Superior; Advance From Both Flanks"]

[FBIS Translated Text] Everyone loves famous brand products and hates counterfeit, imitation, and inferior ones. As a matter of fact, there is an internal connection between attacking counterfeit goods on the one hand and eliminating the inferior and supporting the superior on the other. The purpose of attacking the counterfeit goods and eliminating the inferior is to improve product quality, and protect and develop famous brands. By vigorously supporting the famous brands and the superior, we can encourage healthy trends and check unhealthy ones.

In the drive to attack counterfeit, imitation, and inferior goods, we have encountered a big obstacle, that is, local protectionism. The core of local protectionism is interests. To settle this problem, apart from improving the laws, regulations, and the market order, the most important thing is that the localities should understand their fundamental interests. When they have realized that the production and selling of counterfeit, imitation, and inferior goods are but a temporary relief regardless of the consequences and that improving quality and developing famous brands is the permanent solution to the revitalization of their economy, the leaders there will then take the initiative to attack the production and selling of counterfeit goods. The experience of many localities has already proved this point.

As the task for attacking the counterfeit, imitation, and inferior goods is still arduous, it is necessary to continue to step up the work. At the same time, we should never slacken our efforts to attach importance to the role and significance of famous brands, support the superior and

develop the famous brands, and carry out the famous brand strategy. The idea of advancing from both flanks will be more effective.

#### Travel Agents in Dispute Over Clients

HK0811031694 Beijing JINGJI RIBAO in Chinese 26 Sep 94 p 5

[By reporter Ma Liquan (7456 4539 5028): "China's Youth Travel Service Brings a Civil Suit Against China Travel Service, Demanding Compensation of 3 Million Yuan"]

[FBIS Translated Text] An economic dispute has broken out over the issue of "human resource mobility" between two well-known travel agencies—the China Youth Travel Service [CYTS] head office and the China Travel Service [CTS] head office. On 13 September, the Beijing Intermediate People's Court heard an illegal competition case brought by the CYTS against the CTS.

The plaintiff CYTS complained that, during July and August 1994, over 10 key members of its Europe-America Department, without getting permission and going through the necessary formalities, quit their jobs and took with them the greater part of their clients files. During the same period, the CTS established its Europe-America Department II by employing these job-quitters, who then contacted with CYTS's overseas clients. As a result, within one week, 151 of CYTS's overseas travel group bookings, which had been scheduled for between August and December, were canceled using various pretexts. The cancelled bookings accounted for two-thirds of CYTS's total original bookings. The cancellations have caused CYTS a decrease of 21.964 million yuan in budgeted revenue and a loss of 3.53 million yuan in profit earnings.

Liu Yanling, CYTS's legal representative and a lawyer with the Tianchi Law Firm, pointed out that CTS had not only obtained business secrets from CYTS by improper means but also recruited, on certain advantageous terms, CYTS employees who had access to CYTS business secrets. He claimed, therefore, that in light of the relevant articles of the recently promulgated Anti-Illegal Competition Act, CTS's behavior constituted illegal competition. The demand he made in his indictment on behalf of the CYTS is that CTS return all CYTS's clients files and that CTS compensate CYTS for its financial loss of 3 million yuan.

The case is said to be China's first so-called "illegal competition case" involving infringement upon others' business secrets of an informative nature. Since this case involves two of the three major travel agencies in China, it has drawn special attention. An authoritative person holds that the hearing of this case will enable people not only to better understand the legislative purpose of the "Anti-Illegal Competition Law," but also to come to a common understanding on what legitimate "human resource mobility" is.

#### Commentator's Article on Peasants' Interests

HK0811054494 Beijing RENMIN RIBAO in Chinese 5 Nov 94 p 1

[Commentator's article: "Continue to Reduce Burdens on Peasants and Truly Protect Their Interests"]

[FBIS Translated Text] It is now the harvest season and the information from various areas shows that a good development situation has been maintained this year in agricultural production, with the effects of natural disasters having been overcome. Good harvests of grain, cotton, and oil-bearing crops are expected; farm products are increasing steadily; township and town enterprises are growing at a high speed; and the rural economy as a whole has become more vigorous and brisk. The development of agriculture has laid a material foundation for the increase in peasants' income this year. This is the result of their hard work throughout the whole year and is also the result of the conscientious implementation in various localities of the policies laid down by the party Central Committee and the State Council for attaching importance to agriculture and protecting peasants' interests. However, in some areas, after peasants' gain an increase in their income, the local authorities again tried to take away their wealth and signs of irregular levies and charges seem to have reappeared in some rural areas. Some local governments are still charging fees and carrying out the activities of upgrading the conditions and meeting the standards which the central authorities have stopped; some localities irregularly adopt items to increase the burden on peasants without following the legal procedures; and some localities continue to forcefully take away money and materials from peasants by illegal means.

As the prices of production materials are being raised irregularly, the invisible burdens on peasants have obviously increased. If these problems are not solved promptly, this will not only ruin peasants' hopes for increased income after increasing production and make them unable to gain real benefit, but this will also seriously dampen their work enthusiasm and thus affect agricultural production this winter and next spring. Therefore, this situation must arouse the serious attention of the various quarters concerned and they must adopt effective measures to ensure the faithful and thorough implementation at the grass-roots level, of the policies and measures laid down by the party Central Committee and the State Council for reducing burdens on peasants, ensuring that peasants will actually increase their income after increasing production.

Recently, with the approval of the State Council, the Ministry of Agriculture, the Ministry of Supervision, the Ministry of Finance, the State Planning Commission, and the Legislative Affairs Bureau of the State Council jointly held a national work meeting on supervising and managing burdens on peasants. The meeting summed up the work experience in various localities in reducing burdens on peasants, considered the current situation

and new problems, and set out measures for continuing to reduce burdens on peasants. This was an important step taken by the five institutions for implementing the spirit of the Fourth Plenary Session of the 14th CPC Central Committee and guaranteeing the implementation of the policies for reducing burdens on peasants. It will play a positive role in promoting the in-depth development of the work in this regard in various localities.

The issue of reducing burdens on peasants is not only an economic issue but also a political issue. The party Central Committee and the State Council have always attached great importance to this issue and have adopted a series of important measures. In recent years, they made the arrangements for checking irregular levies and charges, promulgated the regulations on funds and labor services borne by peasants, issued orders on stopping and canceling 37 items of fees and funds collected from the peasants and 43 items of upgrading and standard-attaining activities that required peasants to contribute money, materials, and labor services. Some erroneous practices of collecting and managing money and materials from peasants were corrected. The work of reducing burdens on peasants thus achieved marked results and there was a situation in which principal party government leaders personally took charge of this work with the participation of a number of departments concerned in managing things in this regard. The root causes of burdens on peasants were basically brought under control. A number of serious cases of adding burdens to peasants were handled and punishment was meted out to those responsible for such malpractices. The management of burdens on peasants was brought into line with the legal system and the tendency to increase burdens on peasants year after year was effectively checked. The policies by the central authorities for reducing burdens on peasants are widely popular and have won sincere support from the broad masses.

The issue of handling burdens on peasants is, in essence, one of how to properly handle the interest relationship between the state, the collective, and the individual peasant. Reducing burdens on peasant is an arduous task to be carried out on a long-term basis. In the process of transition to the socialist market economy, agriculture, being the foundation of the national economy, will become even more important. At the same time, agriculture is an industry vulnerable to both natural and market risks. This requires us to give stronger protection to agriculture and to the interests of peasants. This is an objective need in national economic and social development and also a task to be carried out by governments at all levels. Therefore, reducing burdens on peasants and protecting their interests is never an expedient measure and must not be cast aside at any time.

At present, the key lies in consolidating the established achievements and preventing the reappearance of the improper practices. Control in this regard must be kept very tight. The documents and projects related to burdens on peasants must be examined strictly according to

the legal procedures. The management of collective funds should be strengthened. Those that are related to funds and labor services contributed by peasants must be audited strictly. Any attempt to transfer or use such funds without compensation must be checked. The market for agricultural production materials must be more effectively managed and prices of such materials must not be allowed to increase irregularly in order to prevent losses of peasants' benefit. The cases of viciously adding burdens to peasants and harming their interests must be handled seriously in order to safeguard peasants' legitimate rights and interests. In order to satisfy peasants, special actions should be taken to solve outstanding problems with which the peasant masses are particularly discontented. It is necessary to further the building of the legal system and to actually ensure the strict enforcement of the established laws and the punishment for those who violate the laws.

In the long run, we should solve the immediate problems and eradicate the root causes of such problems in light of the requirements of the socialist market economy through the adoption of comprehensive measures and through developing the economy and increasing peasants' burden-bearing capacity. The government functions should be transformed and government behavior should be regularized through the in-depth reform so that the government functional departments will perform their functions according to the law and will consciously take care of peasants' interests. Only thus can the problem of laying too heavy burdens on peasants be thoroughly solved and can steady increase in peasants' income be guaranteed.

#### Liaoning Agricultural Growth Detailed; Part One

HK0711142494 Beijing RENMIN RIBAO in Chinese  
19 Oct 94 p 1

[By staff reporters He Jiazheng (0149 0502 2973) and Zhou Hongyang (0719 3126 3152): "What Has Agriculture Brought to Liaoning?—Notes on the Development of Agriculture and Rural Economy in Liaoning Province (Part One)"]

[FBIS Translated Text]

#### I.

In the economic development of China, Liaoning has always played a rather special role—a heavy industry base and the equipment department for the national economy.

A special position will inevitably be given to the formation of a specific notion: We provide the state with rolled steel, coal, and other industrial raw materials and, in return, the state should provide us with food.

When the 1990's were approaching, some people had already put forward that Liaoning should be self-sufficient in grain. This shocked many people, who said: It is Impossible! Many people who did not agree with the idea said: It is unnecessary!



At the beginning of the fourth year of the 1990's, many things which people had thought were impossible to do had already been going on for three years. In the fourth year, that is, this year, the prospects are expected to be quite good despite serious natural disasters.

There are several "threes" which reflect the present state of agriculture in Liaoning. Last year, Liaoning's grain output of Liaoning was 33.9 billion kg, a record high. Since the beginning of 1990, the output of grain has exceeded 30 billion kg for three years running. This indicates that the productive capacity can basically ensure self-sufficiency. Last year, this big industrial province exported 300,000 tonne of rice for the first time and sent 300,000 hogs to places south of the Shanhai Pass. The only three kinds of crops grown in the past, corn, sorghum, and soya beans, have now been replaced by wheat, paddy, and soya beans.

In addition to the "threes" mentioned above, Liaoning exported 1.07 million tonne of corn last year. Large quantities of vegetables were sold to Jilin, Heilongjiang, and even south of the Shanhai Pass. Jinzhou's crabs and baby crabs are known far and wide.

Liaoning was a big industry province but a small agricultural province. How could they get rid of the label of being a "cripple?" The people of Liaoning had made efforts to this end for several decades but they were never able to do so. The problem of food hurt the self-respect of the people of Liaoning. In the past, Liaoning men, who were praised as being "northeast tigers," had unparalleled strength in panic purchases of pork, yet they felt themselves inferior to others when they met the eyes of the people of Beijing. At present, the people of Liaoning jokingly described the contingent of people who engaged themselves in panic purchases of meat and eggs as "people in threadbare cotton-padded coats and wearing dog-skin hats roaming about in the city carrying pork on their backs." On trains from Beijing to Shenyang, people carrying large and small parcels often quarreled over some space. Things were so bad that whenever the planning departments made distribution, Beijing had to speak in favor of Shenyang to reduce the pressure caused by the contingent of people who came south of the Shanhai Pass for panic purchases. Before the Third Plenary Session of the 11th CPC Central Committee, the state supplied an average of 1.25 billion kg of grain and 30,000 to 80,000 tonne of meat to Liaoning each year. For vegetables, the residents mainly ate Chinese cabbages, turnips, and potatoes. The self-sufficiency rates for meat and eggs were only 50 percent.

It is not that the people did not make efforts in this respect. Some inspiring slogans are still in the minds of the people today. For example: "We cannot die in peace without changing the face of agriculture in Liaoning." Those slogans indeed gave encouragement to the people of the whole province for some time. Since they had gone all out but failed, some people in Liaoning regarded developing agriculture as being as difficult as climbing

up to the blue sky. Other people thought it was unnecessary to do so and thought such an attempt a sheer waste of energy and money.

Today, Liaoning is like a person whose potential has been proved. He feels surprised and has gained much self-confidence. In the past few years, in addition to attaining a basic balance in the total supply and demand of grain, Liaoning produced last year 1.4 million tonne of meat, 700,000 tonne of poultry and eggs, 1.51 million tonne of aquatic products, 1.88 million tonne of fruits, and 14.64 million tonne of vegetables. The per capita amount of meat reached 35 kg, eggs 17 kg, aquatic products 37 kg, fruits 47 kg, and vegetables, 260 kg. In the same period the national per capita amount of meat was 31 kg and poultry and eggs, 9.3 kg. As far as major nonstaple food is concerned, the level in Liaoning is already higher than the national average level. Its per capita amount of meat ranked the 11th in the country, poultry and eggs fifth, and milk 13th.

## II.

Agriculture and rural economy have changed the livelihood of the people of Liaoning. This has not only has caused a silent change in the Liaoning people's self-respect but has also changed many of their views. First, is it necessary or possible for economically developed areas, which have a higher degree of industrialization and which undertake heavier tasks, to pay greater attention to developing agriculture and make greater efforts in this respect?

Liaoning's agriculture has continuously developed in the course of clarifying these questions. In the meantime, educated by practice and reality, the people have gained a greater degree of unity in understanding. Today, the people no longer think that areas with a higher degree of industrialization need not make greater efforts to grasp agriculture. They have come to understand that developed agriculture and prosperous rural areas not only will improve the living standards of the peasants but will also bring market prosperity to cities and stability to the whole society. Liaoning has a population of over 40 million people, of which half do not live in the rural areas. In recent years, some difficulties have emerged in urban industries because of various factors. Without the supply of grain, meat, eggs, milk, and vegetables to stabilize the market, such difficulties would have been aggravated. The market has set the people's minds at ease.

In the past, some people always feared that the development of the rural areas would take away some of the industrial funds, power supplies, and raw materials from cities. When the idea of sinking wells operated by electricity in the rural areas was put forward, some people opposed it and said that this would affect large industries. At present, the people can see clearly that developed rural areas not only ensure the supply of nonstaple food for industry but also constitute a vast market.

In recent years, the per capita net income of the peasants of Liaoning has rapidly increased annually from about 100 yuan to 1,161 yuan last year.

The textile industry has more room for expansion thanks to the prosperity of the rural areas. The Xiliu Major Fair in Haicheng alone sells more than 3 billion yuan worth of garments each year. Small hills of garments, mainly for sale in rural areas, can be identified as easily as the faces of the people from the rural areas. At present, there are more than 2,800 markets in the province.

Because of the increased strength of the rural areas, the iron and steel industry has combined with rural industries and its intensive and finely processed products sell well. The combination of the Anshan Iron and Steel Company with enterprises in Haicheng is an example. People said: Rural industries have given play to the strong points of the Anshan Iron and Steel Company. In the past, 90 percent of the raw materials produced by the Liaoyang Chemical Fiber Plant were sold to the people of Zhejiang, where they were processed into cloth and garments to be sent back for sale in the north. At present, the peasants can take up processing work in nearby places. The prosperity of the peasants has also promoted the development of the building material industry, the electronics industry, and other industries.

Rural industries have also made direct contributions. Of the newly increased 50.1 billion yuan of industrial output in Liaoning this year, rural industries accounted for 76 percent. The financial revenue of 15 counties (cities) and districts in Liaoning exceeded 100 million yuan and 30 exceeded 50 million yuan. The increased economic strength of the rural areas has finally enabled the province to regain its breath and to implement the policy of "letting out water for breeding fish and recuperation and multiplication" for urban industries, which shoulder a heavy burden. In 1992 and 1993, large and medium enterprises were allowed to have a total of 7 billion yuan of taxes reduced or profits retained.

Some people have also used figures for explanation: In the past, grain was imported and \$200 million was used for the import of wheat alone each year. In addition, 600 million yuan was spent on financial subsidies. This aggravated the already difficult financial situation. At present, the province has gained much greater initiative.

Concrete benefits have finally enabled the great majority of urban and rural residents to come to understand many things which are originally not difficult to understand at all. The people have been able to attain greater unity of understanding.

### III.

The greatest difficulty still lies in the creation of facts themselves.

Some people thought that it was impossible for Liaoning to be self-sufficient in grain and regarded such an

attempt as nonsense. Although such a view was caused by their way of understanding, it is based on harsh reality.

On the one hand, they were educated by the past. On the other, it was cold and rocky in the eastern part of Liaoning and crops could not grow there. The soil was poor and the land was barren in the western part and people in poverty-stricken areas, with Chaoyang as a typical example, did not have enough food or clothing all the year round. Only the central part produced grain. Nevertheless, there was 15 million mu of water-logged land in the central part where it was also difficult to grow grain.

It is facts that have inspired the people. As early as the beginning of the 1980's, one success after another scored in the rural areas demonstrated the potential of the rural areas. Comprehensive contracts started in 1982 and a bumper harvest was reaped in 1983. Grain output rose to a new level of 28.5 billion kg. After that, the peasants worked one miracle after another. All this has made some people firmly believe: Why do we not properly give play to the potential and strong points of Liaoning since it is possible to do so?

In the final analysis, the transformation of potential into productive forces cannot be separated from arduous work. Beginning in 1987, the "Yu the Great [founder of the Xia Dynasty, who was said to have been successful in controlling floods] Cup" has mobilized millions upon millions of people to move into the battlefield of capital construction on farmland. For seven years running, all the people of the province have persistently made efforts to this end. A total of 1.276 billion work days have been put in and the investment made by city governments and governments below the city level alone is 3.38 billion yuan. A total of 3.52 billion cubic meters of earth and stone works have been completed and the area of fields irrigated by water has increased by 6.934 million mu. The rural areas of various localities have adopted measures in accordance with local conditions. Improvement has been made on plains and terraced fields have been built in mountain areas. Work has been done to conserve water and soil, trees have been planted, and reservoirs have been built. The peasants said: A great project unprecedented in history has been completed and the project has changed at one stroke the situation of agricultural production.

In 1988, the state approved the comprehensive development of agriculture in the Liao He Delta, which started the prelude to the development of agriculture in Liaoning at a high level. Millions upon millions of people were organized to participate in various development projects. They created new productive forces with state development funds. In the past few years, in development zones which have been put on state record alone, 812,000 mu of barren land has been reclaimed and 4.27 million mu of medium- and low-yielding land has been transformed, creating a comprehensive grain productive

force of 570,000 tonne. Six million mu of paddy fields and wheat fields have been developed throughout the whole province. Liaoning is no longer only producing coarse grain.

Since 1990, the expenditure on agriculture included in the financial budget for Liaoning has exceeded 4 billion yuan, which is equivalent to the total of the previous nine years. Last year, the expenditure for agriculture not included in the budget also reached 660 million yuan. The accumulated total of loans for agriculture in the past four years is 33.33 billion yuan. Since the beginning of the Seventh Five-Year Plan, large amounts of investment have been made in key construction projects including the Guanying Reservoir, the project to lead water from the Fuaio Jiang, the harnessing of the Taizi He, and the large Jinxi Chemical Fertilizer Plant. It is precisely because of this big input that we have such a big output today.

Large numbers of agricultural science and technology personnel have been organized to move into the vast

countryside. This is another important social engineering project carried out in Liaoning in recent years. Deputy county heads in charge of science and technology have been sent out to link together counties with organizations which have powerful strength in science and technology. At present, such a practice has been spread to townships and towns. Large numbers of agricultural science and technology workers are moving toward the major battlefield of the rural economy. Activities such as "the winter of science and technology," "the spring of science and technology," and "the green certificates," have spread science and technology to the peasants. The area for growing fine species of crops throughout the whole province has exceeded 90 percent and crops grown in accordance with relevant standards have reached 60 percent. Last year, the per mu yield of paddy, corn, and Chinese sorghum ranked first in the country.

We could give many more examples if we wished to.

Liaoning has proved that the more developed a place is, the more it is necessary to attach importance to agriculture. A place which seemed to have no potential for development can also make brilliant achievements.



**East Region****CPC Approves Xu Kuangdi as Shanghai Deputy Secretary***OW0511110694 Shanghai People's Radio Network in Mandarin 2300 GMT 3 Nov 94*

[From the "990 Morning News" program]

[FBIS Translated Text] In a recent notice, the CPC Central Committee said it agreed to Comrade Xu Kuangdi becoming the deputy secretary of the Shanghai Municipal CPC Committee.

**Shanghai Mayor on Development Plan for Next Century***OW0711170594 Beijing XINHUA in English 1451 GMT 7 Nov 94*

[FBIS Transcribed Text] Shanghai, November 7 (XINHUA)—Huang Ju, mayor of Shanghai said that the municipality has mapped out a development plan for the period extending into the next century.

He told an international conference which opened here today that by the year 2010 Shanghai will have been basically built into an international economic, financial and trade center.

At the same time, the Pudong development zone will have been shaped into an export-oriented, multi-functional and modernized new district.

By that year six concrete goals will have been realized, the mayor told the meeting of mayors and international entrepreneurs.

First, Shanghai will have the economic scale and comprehensive economic power of a world-standard municipality.

Second, it will be an important link in the global economy, with the formation of an all-round pattern of opening up to the outside world and with broad international economic ties.

Third, a market economic mechanism complying with international practice will be in place.

Fourth, an infrastructure framework up to the international standard will have basically taken shape.

Fifth, it will play the central role in distributing domestic and overseas resources.

Sixth, it will have an ecological environment where there is a high standard of harmony between nature and the people.

To reach these goals, Shanghai will take the following steps:

—It will bring into play Shanghai's central role in the flow of capital and commodities, and in technical, information and personnel exchanges.

—It will support and promote the common prosperity of the areas along the Chang Jiang River, including enhancing the construction of communications and telecommunication networks, and promoting interregional enterprise conglomeration and setting up multinational enterprises.

—It will promote the establishment of a number of big development zones along the Chang Jiang River.

—It will accelerate the restructuring of the layouts of cities and industries.

—And it will expand channels for fund-raising, and speed up the commercialization of housing and the reform of the financial sector.

**Huang Ju Discusses Shanghai Urban Construction Plan***HK0711123594 Beijing ZHONGGUO XINWEN SHE in Chinese 1057 GMT 17 Oct 94*

[By reporter Shu Rong (5289 1369): "Huang Ju on Shanghai's General Urban Construction Plan"]

[FBIS Translated Text] Shanghai, 17 Oct (ZHONGGUO XINWEN SHE)—At the Shanghai general planning work meeting today, Huang Ju—member of the Political Bureau of the CPC Central Committee, secretary of the Shanghai Municipal CPC Committee, and mayor of Shanghai—pointed out that it is necessary to work out a scientific and rational overall arrangement for Shanghai's development in the 21st century which is aimed at building the municipality into one of the international monetary and trade centers and at achieving the strategic objective of turning it into an international economic center.

It is learned that as early as the 1980's, there was already an "overall urban construction plan for Shanghai." Over the past 10 years or so, great changes have taken place in Shanghai's strategic position, and in the scale and layout of its urban areas. Therefore, it is necessary to re-examine the original urban construction plan. For this reason, beginning last year, Shanghai has mobilized forces from various fields, both internal and external, to promote the work of revising the city's overall construction plan.

Huang Ju said that Shanghai's overall urban construction plan should be based on the following four points: First, it should be based on the objective of building Shanghai into one of the international monetary and trade centers. Second it should be based on the city's long-term development in the 21st century. Third, it should be based on the stage-by-stage development of an economic society, and an overall urban plan reflecting the general trend of Shanghai's future economic and

social development should be worked out. Fourth, it should be based on the organic unity of the economy, society, and urban planning.

Referring to the new blueprint for Shanghai's future development, Huang Ju put forward four tentative ideas: First, to set a strategic target for building Shanghai into an international economic center. By the year 2010, Shanghai should have the economic scale and comprehensive strength of a big metropolis in the world, as well as a modern and first-class urban layout. It should have established a pattern of opening in all directions so as to promote extensive economic contracts both internally and internationally, a market economy operational mechanism in conformity with common international practice, and the structure of basic facilities of a modern international city. It also should have an urban life system for the harmonious development of society and for optimizing the ecological environment. Second, to cultivate the five major functions of rationalizing urban layout, production, management, service, and creation so as to serve the whole nation and cater to the needs of the whole world. Third, to form a rational urban layout and a rational distribution of industry; to readjust, develop, and transform the central urban areas; and to optimize and build up a modern central commercial area. Fourth, to develop the basic facilities of a modern city—including the planning and construction of a modern deep-water harbor, an international airport, and an international information port—and to work out a plan for improving the city's ecological environment and greening projects.

#### **Shanghai Mayor Meets International 'Entrepreneurs'**

OW0811002694 Beijing XINHUA in English 1748  
GMT 7 Nov 94

[FBIS Transcribed Text] Shanghai, November 7 (XINHUA)—World business dignitaries opened a consultative meeting here today to offer advice to the mayor of Shanghai on the city's further growth.

In the past few years the city has been holding consultative gatherings once a year to solicit advice from well-known business people worldwide.

Shanghai Mayor Huang Ju said that the participants have contributed much to the rapid development of Shanghai during the past few years, because many of the topics proved crucial to the city's upcoming expansion.

H5,D said the conference this time would focus on how to boost Shanghai's urban construction and make appropriate use of talented personnel.

The entrepreneurs mainly come from the U.S., Japan, Britain, France, Switzerland, the Republic of Korea, Germany, Australia and the Netherlands.

Donald L. Staheli from the Continental Grain Company of the U.S., who is chairing the conference, said on

behalf of the entrepreneurs that they are surprised at the rapid strides Shanghai has made in the past five years, and that they are ready to give advice to the municipal government.

#### **Shanghai To Issue Special B Shares**

OW0811002494 Beijing XINHUA in English 1735  
GMT 7 Nov 94

[FBIS Transcribed Text] Shanghai, November 7 (XINHUA)—The Lujiazui Finance and Trade Subzone in the Pudong New Zone of Shanghai will float special B shares worth a total of 200 million yuan tomorrow.

The Shanghai Lujiazui Finance and Trade Subzone Development Joint-Stock Corporation signed an agreement this evening with the Shanghai International Securities Company Ltd for underwriting the B shares, which are exclusive for overseas investors.

A shares are restricted to domestic investors.

The Lujiazui subzone is one of the four subzones in the Pudong New Zone, and is the only national development zone bearing for finance and trade in China.

Officials of the Lujiazui Joint-Stock Corporation said that the money raised from the issue will mainly be used to speed up the development and construction of the subzone's central financial district and Longyang multifunction district.

The Shanghai International Securities Co Ltd will act as chief underwriter for the B shares of the Lujiazui subzone and 11 overseas companies, including Nomura International (HK) Limited.

HG Asia Limited will be responsible for the issuing of the B shares on the international market.

The B shares will be listed on the Shanghai Securities Exchange in late November.

#### **Shanghai To Build New Airport in Pudong Area**

OW0511152294 Beijing XINHUA in English 1455  
GMT 5 Nov 94

[FBIS Transcribed Text] Shanghai, November 5 (XINHUA)—A new airport will be built in the New Pudong Area and the Hongqiao Airport will be expanded in Shanghai, China's leading economic and industrial center.

According to an official from the Hongqiao Airport, the new airport will be built in the southeastern part of New Pudong Area. It will cover an area of 15 sq km and has four runways. After its completion, it will be capable to ship 80 million to 100 million passengers and two million tons of cargo every year.

The first phase construction of the airport will start in 1996 and be completed by 2000, the official said.

As the new airport cannot be finished in a short time, the city has decided to expand the Hongqiao Airport first to meet the need of the increasing passengers. The waiting terminals and parking areas will be enlarged and new facilities will be installed.

### Central-South Region

#### Guangdong's Shantou SEZ Revokes Business Licenses

OW0811024194 Beijing XINHUA in English 0218  
GMT 8 Nov 94

[FBIS Transcribed Text] Shantou, November 8 (XINHUA)—The Administration for Industry and Commerce in the Shantou Special Economic Zone, south China's Guangdong Province, has revoked the business licenses of 51 foreign-funded firms that existed in name only.

The move was taken during the routine annual check of foreign-funded enterprises as stipulated in the law of the People's Republic of China concerning foreign-funded enterprises. It is also part of the city's efforts to promote a healthy development of foreign-funded enterprises.

The enterprises whose business licenses have been revoked include the Shantou Rongji Garment Co. Ltd, the Shantou Jimian Computerized Embroidery Co. Ltd and the Huihuang (Brilliance) Decorative Lamps Industrial Co. Ltd. of the Shantou Special Economic Zone.

There are more than 3,300 foreign-funded enterprises in Shantou and about 77 percent of the contracted investment have paid in, ranking first in Guangdong Province.

A spokesman of the city's Administration for Industry and Commerce said that most of the foreign-funded enterprises respect and abide by the laws and regulations and we protect them.

But a small number of them have violated the laws and regulations of the People's Republic of China, he said. Some have stopped operations for a long time and yet refused to go through the cancellation procedures; some have remained in name only and cannot be found according to the addresses registered; some others failed to pay in their capital as provided by contracts.

#### Guangxi Paper on Economic Situation for Nine Months

HK0711144994 Nanning GUANGXI RIBAO in Chinese  
26 Oct 94 p 1

[By reporter Zhou Jie (0719 2212): "Favorable and Unfavorable Points of This Region's Economic Operations During the First Three Quarters"]

[FEIS Translated Excerpt] According to the Statistical Bureau data for the autonomous region and the analysis of the economic operations made by the regional government economic commission, although serious losses

were caused by the floods in June and July, because the people of all nationalities worked hard to resist the disasters and restore production, reforms could still be advanced smoothly and the economy could still grow steadily in the first three quarters of this year. The general conditions of the economic operation can be summarized into the following points:

Industrial production continued to increase and the rate of sales also increased every month. Up to the end of September, the total output value produced by industrial enterprises at and above the township level throughout the whole region reached 63.367 billion yuan, an increase of 16.5 percent over that in the same period of last year. The growth rate for heavy industry was higher than that of light industry and the growth rate of the nonstate-owned sector was higher than that of the state-owned sector. The output of canned food, steel products, nonferrous metals, cement, and cars increased at a higher rate and the sale rate for industrial products also went up again.

The rural economy also grew somewhat. In the first nine months, the total output value of agriculture, forestry, animal husbandry, and fishery reached 27.4 billion yuan, an increase of 4.5 percent over the same period last year according to comparable prices. The output of meat and fruit increased at a higher rate. Township and town enterprises continued to grow at high speed.

The amount of completed investment in fixed assets increased and a larger part of the investments were made in key projects. Between January and September, the investment made by state-owned institutions amounted to 9.534 billion yuan, an increase of 35.6 percent over the same period last year and the investment in transportation, communications, energy, and raw material production accounted for 47 percent of the total investment.

The domestic market changed from a brisk condition into a stable condition and foreign trade continued to increase. In the first nine months, the gross volume of retail sales of consumer goods throughout the whole region was 26.14 billion yuan, marking a real-term increase of 2.3 percent over the same period last year with the price increase factor being deducted. In foreign trade, the volume of exports was 1.101 billion yuan, an increase of 20 percent.

Government financial revenue and the deposits and loans in the banking institutions continued to increase steadily. In the first nine months of the year, the local financial revenue of the whole region increased by 26.7 percent over the same period last year and the deposits in the banks increased by 29.6 percent over the level at the end of last year. In particular, the savings kept by residents in the banks increased by 30.9 percent and also increased every month. Loans made by the banks also increased to a certain degree.

The income of urban and rural residents increased in a stable and steady manner. According to sample surveys,



between January and September, the per capita income of urban residents was 2,636 yuan and the per capita income of peasants was 815 yuan. With the factor of price increases being deducted, the real-term rates of increase were 9.5 and 4.2 percent respectively.

In general, the condition of the economic operations in the first three quarters was good but some problems also exist. The market situation was particularly noticeable. Although the sales rate of products increased gradually every month, the marketability of products remained unsatisfactory. Prices throughout the whole region remained at a high level and continue to increase. It was still very difficult to enhance the economic efficiency of the enterprises. Between January and September, the proportion of loss-making enterprises and the amount of business losses increased by 47.8 and 50 percent respectively over the same period last year. With the exception of such cities as Nanning, Beihai, and Fangcheng and such prefectures as Nanning, Yulin, and Baise, where profits continued to increase, profits in other areas declined by varying degrees. With the exception of the sugar, medicine, and electric power industries which increased profits, profits in other industries all declined by a big margin. The belated effects of the floods also became more obvious. [passage omitted]

### **Hainan Regulations on Private Overseas Travel**

HK0711135294 Haikou HAINAN RIBAO in Chinese 9 Oct 94 p 8

["Hainan Province Provisional Regulations on the Examination and Approval of Applications By Citizens for Traveling Abroad for Private Purposes"—passages within slantlines published in boldface]

[FBIS Translated Text] By the Hainan Provincial Public Security Department

In accordance with the "PRC Immigration Control Law for Citizens" and the relevant provisions of the details for its implementation, and in light of the actual conditions of the Hainan Special Economic Zone, the following provisional regulations are formulated for Hainan to process and approve applications by citizens for traveling abroad for private purposes.

#### **I. The Scope of Travel for Private Purposes**

All citizens with permanent residence status in Hainan can apply to travel abroad for the purposes of relocating to another country, visiting a relative or friend, inheriting property, continuing education, employment, offering labor service, tourism, marriage, consulting a doctor, visiting a patient, attending a funeral, engaging in business and trade, visiting, giving lectures, and other nonbusiness activities.

A citizen applying to travel abroad for private purposes must furnish evidence relevant to the reasons for the travel and then go through the application procedure in accordance with the law. His application will be

approved as long as he has given a proper reason, furnished sufficient documents, and gone through all the required formalities and as long as his travel is not forbidden by law.

#### **II. The Major Evidence Needed For Various Types of Application**

##### *1. Relocating to another country*

A. A person who applies on the strength of a family member or close relative (referring to his spouse, child, parent or the parent of his spouse, sibling, grandparent, uncle, or aunt) must submit evidence of invitation to the country concerned for relocation by his relative and a photocopy of his identification (such as identity card or passport).

B. A person who applies on the strength of a distant relative or friend must, in addition to the documents mentioned above, submit a financial guarantee which has been certified by a notary organ of the foreign country concerned and which has been verified by the Chinese Embassy or consulate in that country, or a residence permit issued by the immigration department of the country concerned.

C. A person who applies for the purpose of reunion with his spouse must furnish his marriage certificate and a photocopy of it, his spouse's invitation letter, and a photocopy of his identity card.

D. A person who applies for the purpose of inheriting property must furnish evidence of the right to inherit the property concerned which has been notarized by a notary organ from the country concerned and which has been verified by the Chinese embassy or consulate in that country, the letter of invitation by his relative, and a photocopy of his identification.

E. A child adopted by a foreigner or an overseas Chinese must furnish a photocopy of the adopter's identification, the Certification of Adoption issued by a provincial-level civil administration organ, the Notarial Deed (which should contain the name, sex, and date of birth of the child, the reason for the adoption, declarations made by his own parents and by the adopter, and their signatures) for the adoption issued by a provincial-level notary organ, as well as evidence substantiating the consent of the adoption by the department in charge of the country where the adopter comes from, and any other related documents.

##### *2. Visiting a Relative or Friend*

A. A person who intends to visit his family member or close relative must furnish a letter of invitation by the person extending the invitation and a photocopy of his identification (such as his identity card, evidence of his schooling, employment, or domicile). He does not need to furnish a letter of financial guarantee.

B. A person who intends to visit a distant relative or friend must furnish a photocopy of the identification of

the person extending the invitation, his letter of invitation, and a letter of financial guarantee which has been notarized by a notary organ from the country concerned. The application must also state how the distant relationship was formed or how he came to know the friend. If need be, the letter of financial guarantee must also be verified by the Chinese embassy or consulate in the country concerned.

C. A person who intends to visit or accompany the State Education Commission on a teaching mission need not furnish documents from abroad. He only need furnish evidence of consent by the International Cooperation Department of the State Education Commission.

D. A person who intends to visit personnel sent to work abroad or on short-term work abroad by the various ministries, commissions, and offices of the central government must furnish a letter of invitation and work permit or a photocopy of his passport and evidence of consent by the unit which is sending him.

E. A person who intends to visit United Nations staff only need furnish a letter of invitation and work permit or a photocopy of his passport and evidence of consent extended by the International Exchange and Cooperation Department of the Ministry of Personnel or by the Personnel Department of the Ministry of Foreign Affairs.

### 3. Studying Abroad

A. A person who intends to study abroad at his own expense must furnish evidence of admission by the school which admits him and evidence of a necessary financial guarantee.

1. Evidence of admission generally must state the date of departure, the courses to be taken, and the date when the courses end. If an examination predates his admission, the date of examination must be given and he no longer need furnish evidence of admission.

2. Evidence of a Financial Guarantee (the Letter of Financial Guarantee)

a) If a person is sponsored by his relative or friend abroad, the letter of financial guarantee sent by his family member or close relative needs no notarization. If the letter of financial guarantee is sent by his distant relative or friend, it must be notarized by a notary organ from the country concerned and verified by the Chinese Embassy or consulate in that country.

b) A person on a scholarship, financial aid program, or teaching assistantship offered by a foreign college or school or scientific research institute must have a specific amount of it in his possession.

c) A person who uses his or his family member's foreign exchange at home must produce evidence of deposits issued by one of the various special banks in Hainan. Evidence of deposits issued by any other bank must be notarized in that place. The specific amount of deposits

depends on the duration of overseas education and the country concerned and generally must not be less than \$5,000.

B. A person who applies for an ordinary passport when he is either sent by the state or by a unit to study abroad at public expense, need only submit the Registration of Application for a Passport for Persons Sent to Study Abroad at Public Expense. He need not submit evidence for his overseas education such as the letter of admission or the letter of financial guarantee.

When filling out the Citizen's Application for Overseas Travel for Private Purposes, the person to be sent to study abroad at public expense needs no signed suggestions or the official seal in the columns the Suggestions from the Workplace and Suggestions From the Department in Charge. The passport-issuing unit concerned should process and issue a passport to the person to be sent to study abroad at public expense within seven days of processing the application and issue him a Category A Exit Registration Card at the same time.

### 4. Overseas Travel at Own Expense

A citizen applying for overseas travel at his own expense must have the invitation of his friend or relative in the country concerned and the invitation can be in the form of a foreign bank draft. Alternatively, the applicant can prove that he has sufficient foreign exchange for the travel and apply direct to an authorized travel agent in the province. His application will then be signed and stamped by the prefectural, city, or county immigration division of a local public security organ. Work personnel whose workplaces are in Haikou, which is directly under the administration of Hainan, only need the signed suggestions and stamp of their workplaces and the department in charge rather than the signed suggestions of a city or county public security bureau.

All documents related to their overseas travel must be filed by the travel agent concerned with the immigration control division of the provincial public security department for examination and passport issue.

### 5. Overseas Labor Service and Employment

A citizen in the province who intends to offer labor service abroad or who has an overseas occupation is processed in accordance with the Hainan Provisional Method for the Management of the Export of Nongovernmental Labor Service, the Method for Hainan Citizens Intending To Work Abroad, and relevant regulations. The units in the province that have the right to process and offer this service are: The Hainan International Economic and Technological Cooperation Company and the Hainan Provincial Agency for Overseas Employment and Careers.

If a citizen himself is invited to work abroad, or if employment arrangements are made for him by his relative or friend abroad, he can lodge an application with the public security organ direct, furnishing the

Employment Contract (which should state the duration of employment, remuneration, lodging arrangements, medical insurance, and the like) which is sent by his overseas employer and which is recognized by the organ in charge (the labor service or immigration organ). The contract generally must be verified by the Chinese embassy or consulate in the country concerned.

*6. Overseas Tours of Inspection and Business Trips (Non-public in Nature)*

A foreign-invested, joint-stock, domestically associated, or private enterprise that needs overseas travel for the purposes of conducting inspections, importing technology, attracting foreign capital, and other business and trading activities must furnish the following documents if it applies for an ordinary passport:

A. A letter of invitation which is issued by the unit extending the invitation and which has been notarized by a notary organ from the country concerned and a photocopy of the registration of the unit. The letter of invitation should include the following contents: The dates of the beginning and end of the travel, the names of the persons concerned, major items to be inspected or discussed, and the signature of the person in charge of the unit extending the invitation. If it has a notarized letter of financial guarantee at the same time, its letter of invitation need not be notarization. If needs be, the letter of invitation and the letter of financial guarantee must also be verified by the Chinese embassy or consulate in the country concerned. If the letter of invitation is not notarized and verified, it can also be processed and approved but only a B card will generally be issued for the passport.

B. The dispatch letter, which is issued by an enterprise and which is recognized by the department in charge. The dispatch letter will not be valid unless it clearly states the destination of the inspection tour or the business tour, the itinerary, duration, sources of expenditure, and the names of the persons to be sent abroad and is signed by the enterprise legal person.

C. A photocopy of the enterprise's business license.

D. Any other evidence as deemed necessary by the public security organ (such as the permanent residence booklet, identity card, temporary residence permit, and suggestions from his office in Hainan).

*7. Overseas Training*

Should an enterprise need to send personnel abroad for training in technology and management, it should furnish the following documents:

A. The letter of acceptance of training which is issued by the unit receiving training and which is notarized by the local notary organ. It should include the content of training, the dates of the beginning and end of the training, the number of trainees, the course structure, the anticipated goal (aim), and sources of expenditure. If

needs be, the letter of acceptance must also be verified by the Chinese embassy or consulate in the country concerned. An unnotarized and unverified letter of acceptance can also be processed and approved but generally only a B card will be issued for the passport.

B. The dispatch letter for a training program which is issued by the sending unit and which is recognized by the department in charge. It should have the same content as the letter of acceptance and must guarantee that all trainees will return home as scheduled.

C. Plus points C and D in 6 above.

*8. Other Private Affairs*

A. A person who applies for marriage abroad must furnish evidence that neither of the two marrying parties is married. If a person intends to remarry after a divorce, he must furnish the Certificate of Divorce. Other documents required of him are as detailed in "Visiting a Relative or Friend" above.

B. A person who applies to visit a patient or attend a funeral abroad must produce evidence of the relevant person's disease and death issued by the public health or medical organization or by other relevant departments. He is not required to have a letter of invitation and his application will be processed as an urgent case and a passport will be issued to him after examination.

C. A person who applies for medical treatment abroad must submit evidence of consent and acceptance of his application by the public health or medical organization in the country concerned, and the letter of financial guarantee sent by his overseas relative or friend, or else he must prove that he has sufficient foreign exchange to pay for the expenses.

D. A person who applies to visit; give lectures; participate in economic, scientific, technological, or cultural exchanges; participate in an exhibition abroad; or to impart technical skills must submit a letter of invitation or evidence of consent to his participation in the activity concerned by the relevant organization, group, or individual, and necessary evidence of a financial guarantee. If he participates in the activity at his own expense, he should prove that he has sufficient foreign exchange to pay for it. If needs be, the evidence of financial guarantee must also be notarized and verified.

**III. Passport Control**

*1. Passport Reissue*

1. If a person has lost his passport within three months of its issue before he has left China, he can apply for a reissue by going through the following procedure, given the fact that the reason for the travel and the country or region he will travel to remain unchanged:

A. Furnish evidence of the loss of the passport issued by a local public security organ and by other departments concerned in the place where his passport is lost.



B. Advertise a declaration of the loss in a provincial-level newspaper or a newspaper designated by a provincial-level public security organ in the place where the passport is lost or where the passport was originally issued. The newspaper designated by the province is HAINAN RIBAO.

C. Answer relevant questions and submit a written statement of how he lost the passport.

After the public security organ in the place where he resides or where his passport was originally issued has verified the loss, a new passport will be issued to him. Under special circumstances, the immigration control division of the public security organ in the place where he resides or where his passport was originally issued can entrust the immigration control division of the public security organ in the place where the applicant is, with the reissue of a new passport to him.

2. If a person has lost his passport after three months of its date of issue and he has not left China, he must lodge a new application again after reporting the loss of his passport (that is, as in 1 above).

3. If a person has lost his passport in a foreign country, he should report the loss to a relevant organ in the country concerned and advertise a declaration in the newspaper. Then he should apply to the Chinese Embassy or consulate (or other organ authorized by the Ministry of Foreign Affairs) for a reissue.

4. If a person has lost his passport on a short-term return trip to China, he should immediately report the loss to a public security organ where the passport is lost or where the loss is discovered. He can apply for a reissue to the immigration control division of a public security organ in the place where his passport was originally issued, where his passport is lost, or where the loss is discovered, producing evidence of the loss and his overseas identification (for example, his overseas identity card, residence permit, student card, or evidence of employment). The organ processing his application will reissue him with a passport in accordance with his actual needs after examining the application (an examination will be conducted by the Chinese embassy or consulate in the country concerned if the passport was issued by it). Or it will issue him an Exit and Entry Pass, with which he can apply to the Chinese embassy or consulate in the country concerned for a reissue of his passport after he has returned to that country.

5. The organ that reissues the passport must state in the remarks page: "This passport is reissued against passport number XXX of the PRC." It must stamp the new passport with the red-inked seal of the Immigration Control Bureau of the Ministry of Public Security bearing the national emblem and serial number.

6. The organ which reissues the passport should promptly report the basic details of the loss, including the passport holder's name, sex, date of birth, passport

number, and the valid duration of his passport, to the Ministry of Public Security through the immigration control division of the provincial public security department.

## *2. Passport Renewal*

A. Should the passport holder encounter one of the following situations, he can apply for renewal of his passport:

1. His old passport which bears records of his previous departures will expire soon.

2. The visa pages of his passport have been fully used.

3. His passport has been accidentally damaged.

4. His passport has been extended twice and will soon expire and cannot be extended again.

5. Any other situation as approved by the departments concerned.

## *B. Procedure for Passport Renewal:*

1. Anyone who is in one of the above situations can apply for renewal of his passport to the immigration control division of the public security organ in the place where he resides or where his passport was originally issued. When applying for renewal of his passport, he only need fill out the application form and attach a photocopy of his passport (which will be verified against his passport). He does not need to furnish any documents from abroad.

2. The processing organ will issue a new passport to him after receiving and examining the old one. The renewed passport should have identical contents to that of the original passport and should state in its remarks page the words: "This passport is renewed and issued against passport number XXX of the PRC." Moreover, it must also bear the official seal.

The old passport can be returned to the holder after it has been invalidated (but its photocopy must be filed) or the new and old passports can be used as one combined passport.

If the organ processing the renewal of a passport is not the organ which originally issued it, it must check with the organ which originally issued it before issuing a new passport.

## *3. Extension of Passport Valid Date*

A. A person must lodge an application with the immigration control division of the public security organ which originally issued his passport for the extension of the valid date of his passport before it expires.

B. A person who applies for the extension of the valid date of his passport must be currently using it or have an actual need to extend it: 1) If he has records of previous departures, he can fill out an application direct for the extension of the valid date. 2) If he does not have records

of previous departures, he must furnish relevant evidence of his forthcoming overseas travel. If he has already obtained an entry visa to the country concerned or other entry documents, the passport-issuing organ should immediately process his application for the extension of the valid date.

3. When a person begins to use a new passport, he cannot apply for the extension of the valid date of his old passport.

If he needs to extend the valid date of his passport, he will have a new passport issued to him: 1) If he has records of previous departures, his application will be processed in accordance with the method for passport renewal mentioned above. 2) If he does not have any record of previous departures, he needs to make a new application again (and his old passport must be returned).

4. If an organ processing the extension of the valid date of a passport is not the one which originally issued the passport, it must check with that organ before processing an extension.

#### 4. The Renewal of the Exit Card

If a citizen needs to change the reason for an application or the country to travel to for any reason after obtaining his passport, he must lodge a new application again with the organ which originally issued his passport (the documents required depend on the reason for the application).

#### IV. Punishments

If a person obtains a passport by fabricating a situation, practicing fraud, or by means of bribery, or if he forges, tampers with, transfers, buys, or sells his passport, he will be penalized in accordance with the relevant provisions of the Details for the Implementation of the "PRC Immigration Control Law for Citizens."

#### V. Relevant Questions Regarding Examination and Approval

The interpretation of these regulations rests with the Immigration Control Division of the Hainan Provincial Public Security Department.

#### Henan Chief Procurator on Anticorruption Struggle

HK0711143294 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 30 Oct 94

[FBIS Translated Excerpt] Li Xuebin, chief procurator of the provincial procuratorate, said at the 10th of the provincial people's congress standing committee that, this year, the provincial procuratorial organs at all levels have concentrated on handling major and serious cases, taken stern action to crack down on corruption, bribe-taking, and other economic crimes, and have made new progress in this regard. Between January and September

this year, a total of 3,528 economic criminal cases of all types were placed on file for investigation and prosecution, and [figure indistinct] percent of them were corruption and bribery cases, which was an increase of 24.6 percent over the same period last year. Among all the economic criminal cases, major cases involving amounts over 10,000 yuan numbered 2,038, accounting for 57.8 percent of the total cases being placed on file for investigation and prosecution. Of the corruption and bribery cases, major cases involving amounts over 10,000 yuan numbered 974, an increase of 17.9 percent over the same period last year. This year, the procuratorial organs further increased the intensity of the crackdown on economic crimes. [passage indistinct]

The handling of such cases retrieved more than 64 million yuan of economic losses for the state and the collectives.

When talking about the new progress made by the procuratorial organs in their work, Li Xuebin said: This found expression mainly in the fact that more effort was made to handle the cases involving party and government leading cadres, especially those at and above the county and bureau levels. In the first nine months of this year, 275 party and government cadres were investigated as being involved in corruption and bribery cases, 2.5 times the number in the same period last year. [passage omitted].

More lawbreaking cases involving legal persons were handled. In the first nine months, more than 20 tax evasion cases involving corporations were handled. [passage omitted]

When analyzing the characteristics of economic crimes, Li Xuebin said: More economic crimes occurred in the links of market management and economic control institutions, including the banking institutions, the industrial and commercial administrative organs, and the taxation organs. More criminals tried to abscond with their ill-gotten money before or after their crimes were discovered. The means of committing crimes also became more covert and more secret. Some complicated intellectual crimes have begun to occur. All this adds difficulty to the investigation work of the procuratorial organs.

#### Hubei Finance Official Expelled From CPC for Bribery

OW0711142294 Beijing XINHUA Domestic Service in Chinese 0536 GMT 7 Nov 94

[FBIS Translated Text] Beijing, 7 Nov (XINHUA)—According to information provided by the CPC Central Commission for Discipline Inspection and the Ministry of Supervision: Zeng Fanyan, deputy director of Hubei Provincial Finance Department, had demanded and received as much as 388,700 yuan in bribery in less than a year's time from December 1992 to September 1993. Having reported this case to Hubei provincial party committee and government, and with their approval, the

provincial commission for discipline inspection and supervision department recently decided to expel Zeng Fanyan from the party and remove him from the post of deputy director to the provincial finance department.

It has been learned that the procuratorial organ in Wuhan City will initiate a public prosecution against Zeng Fanyan and affix criminal responsibility on him according to law.

When the Hubei Accounting and Development Corporation loaned 10 million Renminbi to the China Far East Shenzhen International Trading Company in December 1992, Zeng Fanyan, acting as president of the Hubei Accounting and Development Corporation, had on two separate occasions accepted a total of 446,200 yuan as "add-on interest" offered by the trading company during business activities such as negotiations and undergoing loan procedures. Later, Zeng Fanyan turned over 180,000 yuan to Mr. He, general manager of the Hubei Accounting and Development Corporation, and took possession of the remaining 266,200 yuan. From July to August in 1993, Zeng Fanyan made Hubei Accounting and Development Corporation serve as a guarantor to obtain a total of 1.5 million yuan in loans from Hubei Provincial Jinyuan City Credit Cooperative and Wuhan City Wuchang District Insurance Company for the Grand Zhuoyue Hotel in Wuhan. During this period, Zeng Fanyan had, on four occasions, demanded a total of 180,000 yuan from Yang, general manager of the hotel. Yang got a share of 77,500 yuan, whereas Zeng Fanyan retained 102,500 yuan of illicit money. In September of the same year, Zeng Fanyan transferred a total of 300,000 yuan in three loan transactions to the Grant Zhuoyue Hotel from the account of the infrastructure construction section of Hubei Provincial Finance Department and demanded 20,000 yuan from Yang later. Moreover, Zeng Fanyan embezzled 82,000 yuan of public funds.

#### Hunan Investment in Fixed Assets Decreases

HK0811061394 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 1 Nov 94

[FBIS Translated Text] The growth rate of Hunan's investment in fixed assets decreased from January to September as a result of strengthening macroeconomic regulation and control, and investments for structural adjustments and in major construction projects such as energy and transportation projects increased rapidly, but investment results decreased.

According to information provided by the provincial Statistics Bureau, from January to September, the investment in fixed assets of state-owned economy throughout the province amounted to 12.68 billion yuan, an increase of 37.9 percent over the same period of last year, but the growth rate decreased by 2.7 percent; the investment in tertiary industries amounted to 6.7 billion yuan, an increase of 39.1 percent. This indicates gradual

prosperity in tertiary industries. In addition, the investment in energy and transportation projects presented an optimistic outlook, at 2.54 billion yuan, an increase of 49.6 percent over the same period of last year. From January to September, 651 infrastructural projects and updated projects were completed; 2.44 million square meters of housing construction areas were completed, a little less than for the same period of last year.

#### Southwest Region

##### Sichuan Governor Urges U.S. Businessmen To Invest

HK0811080794 Beijing ZHONGGUO XINWEN SHE in Chinese 1314 GMT 26 Oct 94

[By Reporter Yang Jie (2799 0267): "It Is the Right Time for Foreign Businessmen To Invest in Sichuan, Says Xiao Yang"]

[FBIS Translated Text] Chengdu, 26 Oct (ZHONGGUO XINWEN SHE)—While meeting with a visiting delegation from the U.S. (Hong Kong) General Chamber of Commerce this afternoon, Sichuan Governor Xiao Yang said, with China having shifted its emphasis on the reform and opening up from coastal areas to the hinterland, the investment market has extended a great deal. The time is now ripe for making investment in Sichuan, which is rich in labor resources.

The 18-member delegation headed by Frank Martin arrived in Sichuan for a visit and inspection. They are scheduled to hold talks with local authorities responsible for matters related to electricity, building materials, and finance on investment projects. Deng Xiaolan, Sichuan CPPCC (Chinese People's Political Consultative Conference) member and board-of-directors chairman of the Hong Kong Dengs Mineral Group helped to bring about the trip.

Xiao said, Sichuan's superior resources in terms of investment lie in its market and labor and they are also what foreign businessmen are interested in. With a population of 110 million, Sichuan's capacity of market [shi chang rong liang 1579 1034 1369 685?] amounts to 400 billion yuan and increases at an annual rate of 10 percent as well. Sichuan has a total workforce of 60 million and six million of them go to work in other provinces or abroad every year. Overseas consortia have come to Sichuan in turn to set up factories or do business.

Xiao hoped the chamber of commerce would cooperate with Sichuan in various fields including the Three-Gorges projects, banking, real estate, and insurance.

Xie Shijie, secretary of the Sichuan Provincial CPC Committee, received the delegation yesterday. He said, Sichuan has stepped up the work of introducing foreign funds over the last few years to ease the strain on capital,



a problem arising in the course of economic development. We see to it that foreign investors be allowed to make money in Sichuan and hope Sichuan will prosper through the cooperation between us and foreign investors, he added.

#### **Tibet TV Reports Release of Prisoners**

*OW0811100394 Lhasa Tibet Television Network in Mandarin 1200 GMT 7 Nov 94*

[Announcer-read report; from the "Regional News Hookup" program]

[FBIS Translated Text] On 6 November, criminals Yulo Dagwacering, Tubdain Namzhub, Cewang Baidain, and Chung Bdag, who were serving sentences and undergoing reform in the (Zhaxi) prison, were released on parole or as a result of commuted sentence.

While in prison, Dagwacering, Tubdain Namzhub, and Cewang Baidain admitted their guilt, showed repentance, and obeyed prison management; and Chung Bdag basically admitted her guilt and behaved herself. In accordance with the provisions of Articles 71 and 72 of the PRC Criminal Law and with the policy of leniency toward those who confess, the prison management reported to the court for approval of the release on parole or commuted sentence of the four prisoners.

The four prisoners thanked the government for leniency for their release and pledged to support the CPC after their rehabilitation in society, and to become law-abiding citizens.

#### **Yunnan Economic Radio Station To Begin Broadcasting**

*HK0811010094 Kunming YUNNAN RIBAO in Chinese 18 Oct 94 p 1*

[By staff reporter Guo Wei-kun (6753 4850 2492): "Yunnan Economic Radio Station To Begin Broadcasting Soon"]

[FBIS Translated Text] Through more than four months' preparation, all the preparatory work for the Yunnan Economic Radio Station now has been completed. The station, with the purpose of "serving economic construction, serving listeners, enriching people's everyday life, and promoting the two civilizations," made a trial broadcast on 22 October, and will formally begin broadcasting on 2 November. The main items of the broadcasting station are news, economic information, science and technological information, and literature and art programs.

Around the center of economic propaganda, the Yunnan Economic Radio Station—approved by the provincial government and the Ministry of Radio, Film, and Television—is a professional station with distinctive characteristics. Located in Kunming, it will serve the whole province and all of southwest China. Its programs also

will be beamed to the other parts of the country and to the Southeast Asian region. The items for broadcasting will be arranged flexibly and directly broadcast by the announcers, with the participation of listeners via telephone hotlines, so that propaganda can be carried out and information can be given while providing service, and so that education can be conducted and knowledge be taught amid amusement.

The everyday programs are divided into three major parts under the names of "The Broad Economic World," "The Colorful Time and Space," and "The Tide of Our Times." The frame of broadcast, which is characterized by "fast, more, broad, and relaxed," has been designed with a newscast at the beginning of each hour of the day and with economic information on the half hour. "Fast" means to give full play to the superiority of the broadcast medium and to make rolling broadcasts of news 12 times a day, so that the latest news—both domestic and international—can be transmitted to listeners at the fastest possible speed. "More" means to transmit as much information as possible to the listeners, including securities, foreign exchange, aviation, futures goods, the foreign trade market, and so forth, so that the economic radio station can become an information depot. "Broad" means to endeavor to make the programs of the radio station cover various fields of economic activity, from domestic to international activities, from the spheres of production and circulation to the sphere of consumption, from the macroeconomic to the microeconomic field, and from abstract economic theories to concrete management. "Relaxed" means to follow a path of running the programs in a relaxed manner, strive to make major and important programs popular, broadcast serious subjects in a relaxed manner, and simplify and extract lengthy articles. At the same time, more music programs will be broadcast, and the listeners will have more chances to participate via telephone hotlines, so that friendship and personal feelings also can be transmitted, while broadcasting news and information. The past practice of putting on a stern expression in broadcasting can be changed.

It has been learned that the radio station will adopt a new management mechanism to increase work efficiency. Under the new mechanism, "the working personnel may be recruited or fired, they may be appointed to higher or lower positions, and their wages may be higher or lower."

The station gave a news briefing on 8 October. The leaders of the propaganda department of the provincial party committee, the provincial and city press journalist units, and the central journalist units stationed in Kunming, extended their congratulations on the opening of the station. Xue Zegao, director of the provincial broadcast and television department, made a speech at the briefing.

The frequency of the Yunnan Economic Radio Station is 1,242 khz medium wave, and its broadcasts 18 hours per

day. In the beginning, it will broadcast 12 hours 40 minutes a day, from 0620 to 1900.

### Northeast Region

#### Heilongjiang Views Problems in Medical Service

SK0811081494 Harbin HEILONGJIANG RIBAO in Chinese 8 Oct 94 p 3

[By reporter Zhang Changhong (1728 7022 5725): "What Are We Waiting For To Break the 'Common Big Medicine Pot'?—on Heilongjiang's Reform of Free Medical Service"]

[FBIS Translated Text] There is a joke on the current free medical service: Noticing the mud on the road, a man hastened to take off his shoes. Seeing this man intending to go through the mud with shoes in his hands, another man cried: "Your skin and flesh will suffer." The first man waved his hand and said: "There is free medical service when my feet are hurt, but I will have to spend my own money when my shoes are soaked." Although this is a joke, it reflects the mentality of people who enjoy free medical service: Why should we refuse to eat from the gift of the "common big medicine pot"?

It is very probably because there are too many people with such a state of mind that Heilongjiang's expenses on free medical service totaled 195 million yuan in 1993, up 16.1 percent from the preceding year. In the departments directly under Suihua Prefecture alone, the expenses exceeded the planned quota by 245,000 yuan in 1992. The crux of this problem lies not only in the large amount of the expenses but also in the large number of sick people who cannot get medical service and the large number of prescriptions which cannot be reimbursed. In Wangkui County alone, medical service receipts worth as much as 250,000 yuan could not be reimbursed before 1992. A free medical service system aiming at benefiting the people has ended up elsewhere.

#### What is the crux of a good thing whose benefits cannot be felt?

Established in 1952, China's free medical service system has played an important role in securing basic medical service for cadres, staff members, and workers and safeguarding their right to remain healthy. For so many years, people have felt relieved and satisfied with the practice of seeing a doctor without spending money. Following the change of the times, however, numerous deficiencies have emerged in this system. First, all the medical expenses are undertaken by the state and the units concerned, and a reasonable mechanism for collecting the fees has yet to be established. In 1991, people who enjoyed free medical service or medical service covered by labor insurance exceeded 6 million in Heilongjiang. In addition, the number has grown by more than 100,000 every year, making it difficult for the state and enterprises to bear the burden. As many as 90 percent of the enterprises in Heilongjiang experience

overspending and default of payment of medical expenses. In Yichun forest area alone, the medical expense deficit totaled 10 million yuan in 1989, and medical service receipts worth 5 million yuan held by its staff members and workers could not be reimbursed. "Free medical service" became an empty talk in this area.

Second, neither the one side who provides medical service nor the other who enjoys medical service holds the economic responsibility, and an effective mechanism to restrict medical expenses is lacking. The system of letting the state and enterprises take over all the economic responsibility has led to rather large waste and losses. The amount of money wasted was shocking because "those in charge of money did not take responsibility for medical services, those in charge of medical services did not take responsibility for money, and those who got medical service never cared to ask how much was being spent." According to the conservative estimation of concerned departments, waste of medicines resulting from excessive medical service and fees for unnecessary examinations accounted for about 30 percent of the medical expenses.

Third, the coverage of medical insurance is small and the level of socialization low. The current medical system covers only the cadres of state organs, the personnel of institutions, and the staff members and workers of state-owned and large collective enterprises. The staff members and workers of the "three types of foreign-funded" enterprises, private enterprises, collective enterprises, and enterprises of other ownerships do not enjoy medical insurance. Such a situation is very harmful to the rational flow of labor forces. Furthermore, when one member of a family is entitled to free medical service, all the other members take getting free prescriptions for granted.

The above-mentioned situation has turned the free medical service system from a beautiful dress worn in one's childhood to one which no longer fits regardless of how beautiful it is.

There are numerous ways out, and a suitable one should be selected.

The obvious fact has long drawn the attention of all quarters, only the reform methods that went up and down several times have failed to solve problems once and for all. Over the past few years, various localities and units in Heilongjiang have explored a series of flexible methods, such as "seeing a doctor with a certificate and paying in cash," "letting the units take over all expenses," "defining targets and assigning hospitals to hold the responsibility," and "linkage to a proper extent." These methods have yielded fairly good results. However, as the contradiction between free medical expenses and actual demands becomes increasingly sharp, such piecemeal methods have fallen far short of actual demands. The situation in free medical service has not greatly improved.

During an interview, Liu Fuxin, director of the provincial free medical service office, said: The most serious flaw in the current free medical service system is the lack of a reasonable and effective mechanism that can restricts both the supplier and the receiver of medical service. Like the person who does not know how expensive coal and rice are, the person who does not have to spend money themselves does not save money. In view of such a situation, what we will popularize is a system advocated by the state, a medical insurance system that combines mutual assistance funds with individual accounts.

Such a medical insurance system combining mutual assistance funds with individual accounts is meant to take into consideration the relations between the state, the collective, and the individual in terms of interests and to enhance the sense of responsibility of the persons covered by the insurance system. Heilongjiang's Wangkui County has experimented with the medical insurance system for all kinds of diseases for over a year, and Suihua Prefecture has also started experimenting with this medical insurance system since early this year. Concerning the collection of funds, the medical insurance funds are shared by the state, the unit, and the individual in a reasonable manner. The amount shared by the state ranges from 30 to 50 yuan per capita and is allocated by finance departments from the total expenditure on free medical service; the amount shared by the unit is allocated from the welfare funds for staff members and workers in some cases, accounting for 40 to 60 percent of the total welfare funds; and the amount shared by the individual accounts for 1 to 2 percent of the per capita annual wage or the per capita annual basic wage of the individual and is transferred by finance departments in a unified manner.

Beyond the expectations of public health departments, 36 counties in Heilongjiang have adopted the medical insurance system since late last year. This showed a great demand at the grass roots for the reform of free medical service.

A comrade of a grass-roots free medical service office metaphorically compared the current medical insurance system to the past "mutual-aid foundation" which everyone is familiar with. Most people without illness collect money for the few who are sick so that everyone will be free from misgivings, and there will be no more "common big medicine pot" for everyone to eat from.

This is, of course, a good thing to help the state reduce financial expenditures. However, the "free medical service disease" has grown for so many years that it cannot be cured easily.

**We should look for good medicine to effect a permanent cure instead of a quick one.**

Although the medical insurance system is an unavoidable trend in reform, there are still many problems. First,

people long used to being "propped up" by the state, are not used to "walking." They have very little capacity to withstand the mental strains.

On 1 June this year, Mudanjiang city began instituting the new medical insurance system in the units directly under the city. That is to say that medical expenses are first paid from individuals' personal accounts for medical services; when the accounts do not have sufficient money, the expenses will be paid from the unified medical service funds, but the individuals should pay a certain proportion of the expenses—5 to 20 percent depending on their length of work. Because news media spread the news on this small reform method, however, on the day before it was put into effect, people seeking out-patient service at the No. 1 Hospital of Mudanjiang city—a hospital designated to offer free medical service—increased sharply from the normal 600 to more than 2,000, and the prescriptions given that day exceeded the normal amount by over one hundred thousand yuan in value—another big burden to the state's free medical service.

In addition, judging from Heilongjiang's current experiment, the system of linking medical expenses with personal accounts is applied to only ordinary cadres, staff members, and workers in most areas, and not to retired cadres or even leading cadres in higher posts. This has created a new unreasonable method for the distribution of medical insurance funds.

Second, hospitals which offer medical service, no doubt an important part of the reform of free medical service, show signs of being reluctant. China's medical fees have remained low for a long time, and the public health funds allocated by the state and finance departments at all levels fall far behind the actual expenses. The gap has to be bridged by the hospitals themselves through their own income. Also, strengthening the management of medical insurance funds means a reduction in the income of the hospitals, thus creating difficulties to the operation of the hospitals. For this reason, higher demands are put on hospitals for improving management, raising work efficiency, and opening new fields of service.

Third, the "medical insurance" we are talking about, actually, has nothing to do with insurance companies, and is still taken charge by public health, finance, labor, and trade union departments separately. Because the entire society has yet to truly participate in the system, it remains difficult to coordinate efforts to solve the numerous problems.

Despite the many problems, we will become increasingly closer to our destination as long as we keep advancing. It is time to break the "common big medicine pot." Everyone should always be prepared to pay for the maintenance of his own health.



**Commentary on Taiwan's 'Ulterior Motives' at APEC***OW0711060594 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 5 Nov 94*

[Commentary by (Zeng Tao): "The Taiwan Authorities' Ulterior Motives"; from the "News and Current Events" program—read by announcer]

[FBIS Translated Text] Listeners, after his attempt to take part in the Hiroshima Asian Games was frustrated, Li Denghui [Li Teng-hui] again tried to force his way into the Asia-Pacific Economic Cooperation [APEC] summit, scheduled to be held in Bogor, Indonesia at the end of November. He advocated that leaders from the two sides of the Taiwan Strait meet at an international setting like the APEC summit. Mr. (Zeng Tao) from Hubei's Wuhan City has written the following commentary on the Taiwan authorities' ulterior motives:

In his commentary, Mr. (Zeng) said: APEC is an unofficial organization for economic development and cooperation in the Asia-Pacific region. China has agreed that Taiwan, as a special case like Hong Kong, can take part in this organization as a region of China. This facilitates Taiwan's economic exchanges and trade with Asia-Pacific countries. It also shows that the Mainland has not tried to limit Taiwan's room for maneuver on the international stage. However, Taiwan's performance at APEC shows that it has an ulterior political motive.

Mr. (Zeng's) commentary said: Last year, Li Denghui tried his best to attend the APEC summit in Seattle. After his wish fell through, a spokesman of the Taiwan authorities openly dished out the position of two Chinas as a phase. The position was sharply criticized inside and outside the island. Recently, in an effort to attend the APEC meeting scheduled in Indonesia at the end of November, Li Denghui again indicated that the summit would be an ideal venue for him to meet with Jiang Zemin. The Taiwan authorities have three true motives: First, they want to use the meeting between the leaders of the two sides as a lure to obtain Mainland approval for Taiwan's participation in the APEC summit. A meeting between the leaders will help break the stalemate in the development of cross-strait relations. However, there should be no preconditions. The preconditions set by the Taiwan authorities are not acceptable to the Mainland. Second, they want to internationalize the Taiwan issue by showing the existence of two Chinas or one China and one Taiwan at an international setting. The Taiwan authorities advocate a meeting between the leaders of the two sides at an international setting because they want to pose Taiwan as a sovereign state, and create two Chinas and one China and one Taiwan in the international arena. This is a new trick played by the Taiwan authorities in their plot to divide the motherland. Third, they

attempt to artificially set up new obstacles to the settlement of relations between the two sides. The Mainland has on many occasions proposed talks and negotiations to develop cross-strait relations and achieve the motherland's reunification. However, the Taiwan authorities have been slow in responding to this offer. Now, they have indicated that they are willing to arrange a meeting between the leaders of the two sides at an international setting, knowing too well that this is unacceptable to the Mainland. Their aim is to shirk the responsibility of obstructing a meeting between the leaders of the two sides onto the Mainland. However, these tricks are not clever at all. People can easily see through their ulterior motives.

**Figures Show Increase in Mainland-Taiwan Trade***OW0211061294 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 31 Oct 94*

[From the "News and Current Events" program]

[FBIS Translated Text] According to statistics compiled by relevant departments of Taiwan and Hong Kong, the trade volume between Mainland China and Taiwan in the first eight months of this year increased more than 15 percent over the same period last year to reach \$10.41 billion. Of that figure, \$9.34 billion represented the volume of Taiwan's exports to the mainland and \$1.07 billion the volume of the mainland's exports to Taiwan. However, the rise in the quantity of goods exported from Mainland China to Taiwan was due mainly to the easing by Taipei of import restrictions on a range of semifinished products.

**Taiwan Displays Products, Technology in Tianjin***OW0111140994 Beijing XINHUA in English 1335 GMT 1 Nov 94*

[FBIS Transcribed Text] Tianjin, November 1 (XINHUA)—Over 100 Taiwan-based enterprises and Taiwan-funded businesses across the country are displaying their new products and technology on a fair which opened today in north China's port city Tianjin.

The exhibits displayed in a 2,500-square-meter hall include machines, chemical products, building materials, electronic appliances, textiles, packaging, foodstuffs, real estate and light industry products, according to the Taiwan Affairs Office of Tianjin, an organizer of the fair.

Over 1,500 people attended today's grand opening ceremony of the fair, believed to be the largest of such kind ever held in China. Chen Yunlin, a deputy director of the Taiwan Affairs Office of the State Council, another organizer of the fair, cut the ribbon for the ceremony.

Among the exhibitors, 50 are Taiwan-invested enterprises based in Tianjin, 20 are from Taiwan, and the rest are from Beijing, Shanghai, and Hebei, Liaoning,

Heilongjiang, Jiangsu, Shandong, Hubei, Jiangxi, Shanxi, and Zhejiang Provinces, an organizing official said.

According to the Taiwan Affairs Office of Tianjin, by the end of September, Tianjin had approved the establishment of over 900 Taiwan-funded enterprises in the municipality, with the contractual investment reaching

927 million U.S. dollars, respectively ranking the third and fourth place in the number and investment of the overseas-invested firms in Tianjin.

Among the Taiwan-funded firms in Tianjin, about 20 have invested more than 10 million U.S. dollars for each, statistics released by the Tianjin office show.

**Li Teng-hui, Others Receive James Baker***OW0811105294 Taipei CNA in English 0746 GMT  
8 Nov 94*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Nov. 8 (CNA)—Former United States Secretary of State James Baker said Tuesday [8 November] that he was impressed by the economic development and political reforms in Taiwan.

Speaking during a meeting with Foreign Affairs Minister Chien Fu Tuesday morning, Baker added that he was happy to be able to witness the prosperity and progress in Taiwan first hand.

Baker, who has held various government positions under three US president's, was warmly received by Chien. Chien was representative to the US when Baker was secretary of finance under the Reagan administration in 1985.

Baker also said he was especially impressed by the diligence of people in Taiwan in building a strong economy and multi-party political system. He described his stay in Taiwan as fruitful.

Baker left Taiwan Tuesday afternoon en route to Japan for a three-day visit.

While in Taiwan, he gave two speeches to college students and businessmen. He also called on President Li Teng-hui and Premier Lien Chan.

**Official Warns Manufacturers on Mainland Investment***OW0711111794 Taipei CHUNG YANG JIH PAO in Chinese 27 Oct 94 p 1*

[FBIS Translated Text] According to the Chinese Communist authorities' data acquired recently, director Chen Ming-chang of the Mainland Affairs Council's [MAC] Economic Affairs Department pointed out: There are 20,982 Taiwan manufacturers investing in the mainland. Taiwan leads the world in this regard. However, the cost of investment in the mainland for Taiwan investors is three to five times higher than investing in Taiwan. Over 70 percent of manufacturers who have invested in the mainland for two to three years are incurring losses.

Chen Ming-chang said on 25 October he visited Japan and South Korea from the end of September to 5 October. While in Japan he met with Ministry of International Trade and Industry officials at the vice ministerial level, and in South Korea he met with chief of the Exchange Bureau under the Ministry of National Unification. In view of the cross-strait situation and the investment conditions in the mainland, they held discussions on international joint development in the mainland and dispersion of investment risk.

Chen Ming-chang disclosed that, according to indirectly acquired statistics of the Chinese communist authorities'

Foreign Trade and Economic Cooperation Ministry, there are 20,982 Taiwan manufacturers investing in the mainland. Contracted investment funds reached U.S.\$18.037 billion during 1979-1993 and actual investment funds were U.S.\$5.203 billion. Contracted U.S. investment funds were U.S.\$14.6 billion and actual investment funds were U.S.\$5.237 billion. In terms of actual investment funds, Taiwan ranks second in the world in investment in the mainland.

Chen Ming-chang said: The Chinese Communist authorities will implement a new version of rules for implementation of the Labor Law. There will be more restrictions on Taiwan investors, such as levying miscellaneous taxes and strengthening supervision and administrative management. The cost of investment in the mainland (excluding land) for Taiwan investors is three to five times higher than that in Taiwan, due to the Chinese Communist authorities' protective measures on workers—working hours reduced from 48 hours to 44 hours and tripling of overtime pay for mainland workers.

He also quoted the Chinese National Federation of Industries' statistics, saying that currently, around 60-70 percent of Taiwan manufacturers who have set up factories in the mainland for two to three years are incurring losses. Those Taiwan manufacturers who are making profits cannot remit their surplus out of the mainland because the Chinese Communist authorities require them to use their profits to expand their local factories or exact their profits by way of apportionment. As a result, Taiwan investors are facing a crisis of incurring losses.

Chen Ming-chang, therefore, called on Taiwan manufacturers to coordinate their investment activities with the government's southward policy, and utilize international development channels to enter the mainland market with investment protection. MAC will jointly sponsor with the Ministry of Economic Affairs a seminar on revision of the mainland's labor market law and try to seek countermeasures together with Taiwan manufacturers.

**Time 'Not Ripe' For Cooperation in South China Sea***OW0711053794 Taipei CHUNG YANG JIH PAO in Chinese 29 Oct 94 p 1*

[FBIS Translated Text] On 27 October, the Executive Yuan revised and adopted a "Table for Carrying Out the Conclusion Reached At the Forum on Issues Concerning the South China Sea" drafted by the Interior Ministry. According to the table, to strengthen the jurisdiction over Taiwan's waters, the Executive Yuan will coordinate with the Legislative Yuan to speed up the examination and passage of the "Law of the Republic of China [ROC] on Its Territorial Waters and Their Contiguous Areas" and the "Law of the ROC on Its Exclusive Economic Waters and Continental Reefs"; and to prepare for the establishment of a large fleet of police patrol



boats to police the Tungsha Island and Taiping Island, and to sweep criminal activities at sea. The navy will also intensify cruises to protect fishing boats.

The "Table for Carrying Out the Conclusion Reached At the Forum on Issues Concerning the South China Sea" noted: Taiwan may entrust private organizations to negotiate with the mainland on routine work concerning cooperation in the South China Sea. But the Mainland Affairs Council [MAC] under the Executive Yuan maintained that the time is not ripe for such a matter yet.

A MAC official indicated: The two sides of the strait are currently negotiating the issue of joint oil prospecting in the East China Sea. As the situation in the South China Sea is far more complicated than that in the East China Sea—because of the problem of sovereignty and the number of countries in the surrounding area—the existing policy will not allow cooperation in the South China Sea, unless the two sides come to a tacit agreement that the South China Sea is the territory of the ROC.

The official noted: The problem of the South China Sea constitutes a link in cross-strait relations and must be handled in accordance with the existing mainland policy. According to the table adopted by the Executive Yuan session, Taiwan may entrust private organizations to negotiate with the mainland on routine issues concerning the South China Sea, depending on the development of cross-strait relations. But the time is not ripe for that at present.

The official said: Some scholars have suggested that the two sides of the strait discuss the problem of the South China Sea and define the spheres of sovereignty through academic symposiums, then have mainland scholars relay the results of the discussions to the mainland authorities, with a view to gradually incorporating both sides into the same sphere. However, the official remarked: Even if the two sides share the same sphere of sovereignty, it is still too early to talk about political and military cooperation within this area.

#### MAC Releases Cross-Strait Relations Report

OW0711094894 Taipei CHUNG YANG JIH PAO in Chinese 31 Oct 94 p 7

[FBIS Translated Text] The Executive Yuan Mainland Affairs Council [MAC] said on 29 October, in spite of the Chinese Communist authorities' suppression and smear campaign, our government will stick to its set principles and stance. In the present stage, we will focus on promoting nongovernmental exchanges. This will not only promote mutual understanding of the peoples on both sides of the strait and dissolve hostility, but is the only way to ensure our pursuit of national unification.

The MAC released a "Report on Overall Evaluation of Recent Cross-Strait Relations" on 29 October. The evaluation includes affirming the basic principles for carrying out work related to mainland affairs in the present stage to serve as evaluation criteria, analyzing recent

unfriendly moves toward Taiwan and the development of cross-strait ties by the Chinese Communists and their motivation, and extensively collecting viewpoints from various circles for reference.

The MAC evaluation results are as follow:

1. It is our government's policy to pursue national unification. We fully recognize there is no shortcut to unification. Therefore, we can realize the ideal that we are in pursuit of only if we adhere to our objectives and direction.
2. The Chinese Communists continue to slander and suppress Taiwan mainly because our government resolutely adheres to its stance and does not want to surrender under the tricky notion of "One Country, Two Systems." Understanding the essence of the issue and continuing to stick to the set principles and stance should be the only way to ensure our pursuit of national unification.
3. In view of current cross-strait relations and the Chinese Communists' suppressive actions, we can adopt passive boycott measures to express our dissatisfaction, or we can promote positive interactive measures to break the Chinese Communist authorities' obstructions.
4. The government and the public are very dissatisfied, disgusted with, and condemn the recent unfriendly moves toward Taiwan by the Chinese Communists. However, they have different opinions on whether Taiwan should boycott the mainland by suspending or terminating exchange activities. Nevertheless, the majority of the people believe it is not appropriate to terminate exchanges.
5. In the present stage, our government focuses on promoting nongovernmental exchanges. Therefore, the top priority task is to hold in-depth discussions at any time with people and groups of various circles on exchanges in various fields, so as to achieve the goals of promoting mutual understanding of the people across the strait and dissolving mutual hostility step by step.
6. The Chinese Communists slander, bully, or suppress Taiwan mainly through its sizable mass media to carry out intensive propaganda in a planned way. Restrained information in the mainland results in unbalanced information exchanges across the strait. Thanks to the Chinese Communists' blackening Taiwan's name intentionally, people in the mainland are apt to misunderstand us, and it becomes rather difficult to dissolve hostility.
7. Since there is a need for nongovernmental exchanges across the Taiwan Strait, it should be the shared responsibility of the two sides to continue to keep contact and consultation channels open in an effort to help establish an order for exchanges between the two sides.

**MAC Studies Plan for Cross-Strait Navigational Links***OW0511144094 Taipei CHUNG KUO SHIH PAO in Chinese 4 Nov 94 p 3*

[FBIS Translated Text] Kao Kung-lien, vice chairman of the Mainland Affairs Council [MAC], pointed out yesterday that the Chinese Communist authorities should not refuse to recognize navigational documents such as "certificates on the nationality of boats" and "certificates of the suitability of civil aircraft for aviation" issued by our pertinent offices. Only then can there be any meaning for the two sides to negotiate the opening of cross-strait navigational links.

The Ministry of Communications [MOC] yesterday invited ministries and departments concerned to study plans on preparatory work for the opening of cross-strait navigational links. Plans related to policy matters, such as the progress of phases of the national reunification guidelines, official contact, and the timing of the opening of cross-strait navigational links, will be handled primarily by the MAC under the Executive Yuan. At yesterday's regular news conference, Kao Kung-lien explained the emphasis of MAC work.

Kao Kung-lien said: The issues discussed by the MAC with the MOC and other units concern primarily technical matters related to the opening of cross-strait navigational links to prepare for all-out planning in an effort to promote a safe and orderly opening of the navigational links.

Kao pointed out: Regarding the issue of navigational links between Taiwan and Hong Kong after 1997 at the policy level, the MAC has completed the drafting of "Regulations on Relations With Hong Kong and Macao," which will provide a legal framework regulating future relations between Taiwan and Hong Kong. However, the MOC is conducting negotiations on the navigational agreement between Taiwan and Hong Kong, which is due to expire in 1995. The MAC is still studying plans on the question of post-1997 navigational rights.

Kao Kung-lien also indicated at the regular news conference that the MAC considers acceptable the proposal made by the Mainland Association for Relations Across the Taiwan Straits [ARATS] to hold consultations in Nanjing 21-26 November to follow up the sixth meeting between the Strait Exchange Foundation [SEF] and the ARATS and that the SEF will send a reply to confirm its acceptance within the next few days.

**Taipei Supports Asia-Pacific Free Trade Area***OW0811110594 Taipei CNA in English 0732 GMT 8 Nov 94*

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Nov. 8 (CNA)—Taiwan supports the establishment of an Asia-Pacific free trade

area, chairman of the Council for Economic Planning and Development (CEPD) Hsiao Wan-chang said Tuesday [8 November].

Hsiao, who will leave Taiwan on Wednesday to the Asia-Pacific Economic Cooperation (APEC) ministerial meeting in Indonesia, said that details about the establishment of the free trade area still need to be discussed.

Hsiao said that owing to differences in each of the APEC member economies, negotiations on the degree, scope, and timetable of the free trade area still need to be held.

He added that the Taiwan delegation will hold bilateral talks with APEC member nations in Indonesia to lobby for support of Taiwan's bid to enter the Geneva-based General Agreement on Tariffs and Trade.

Meanwhile, a second APEC finance minister meeting will be held in Indonesia April 15-16, 1995 to discuss financial relationships among member countries, according to reports from Jakarta.

The first APEC finance minister meeting was held in Honolulu in March this year.

APEC groups Australia, Brunei, Canada, Mainland China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand, and the United States. Chile will become the 18th member during the meeting in Indonesia.

**Taipei Hopes To Host 1999 APEC Meetings***OW0811105394 Taipei CNA in English 0754 GMT 8 Nov 94*

[By Lvung Chang-chi and Sofia Wu]

[FBIS Transcribed Text] Jakarta, Nov. 8 (CNA)—Taiwan is seeking to host a series of APEC [Asia-Pacific Economic Cooperation] meetings in 1999, diplomatic sources here said Tuesday [8 November].

Indonesia is hosting this year's APEC ministerial meetings and an informal leadership meeting slated for Nov. 15 in Bogor. Japan, the Philippines and Canada will host 1995, 1996 and 1997 APEC ministerial and leadership meetings respectively.

Taiwan, which joined the Asia-Pacific Economic Cooperation (APEC) forum under the name of Chinese Taipei, has expressed a strong desire to host the group's main gatherings in 1999.

Some observers here said Taipei's bid to host APEC meetings may hinge on Beijing's attitude. If Taipei-Beijing relations continue to improve in the years ahead, the observers said, Taiwan may succeed in its bid.

Meanwhile, Taiwan has won the vice chairmanship of the newly created APEC Economic Affairs Committee.

The fourth APEC senior officials meeting, which opened here Tuesday, approved a proposal to upgrade the ad hoc panel on economic trends and development to a permanent committee at its opening session.

During the session, the participants also decided to keep Canada at the helm of the committee and assign Chinese Taipei and Thailand to vice chairman posts.

The senior officials meeting also endorsed a Taipei-prepared in-depth analysis of future economic trends and developments in the Asia-Pacific region. The participants lauded Taipei's effort in preparing such a comprehensive report, saying it will help boost regional economic understanding.

Taipei has also completed a comprehensive survey of small and medium enterprises (SMEs) in APEC member economies, which will be discussed Wednesday. With SMEs being the backbone of its economy, Taiwan hopes to lead an APEC SME special panel to be created following the ministerial meeting, which will open here Friday. However, APEC sources said, Taiwan may only be given the vice chairman post because Japan is also interested in the panel's chairmanship.

APEC groups Australia, Brunei, Canada, Hong Kong, Japan, Indonesia, Malaysia, Mainland China, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, South Korea, Taiwan, Thailand and the United

States. Chile will become the 18th member during the forthcoming ministerial meeting.

#### **Thai Prime Minister Comments on Thai Workers**

*OW0511083594 Taipei CNA in English 0714 GMT 5 Nov 94*

[By F.C. Kuo]

[FBIS Transcribed Text] Bangkok, Nov. 4 (CNA)—Thai Prime Minister Chuan Likphai Friday [4 November] publicly thanked the Republic of China [ROC] Government for allowing Thai laborers to work in Taiwan.

The prime minister made the comment during a news conference called to commemorate the second year of his administration.

Likphai also said that he hopes both sides can reach an agreement on ways to reduce mandatory deposits for Thai workers, saying that the deposits are too high and require more than six months' salary to pay off.

He added that the Thai Ministry of Labor and Welfare will meet with relevant government agencies in Taiwan to solve the problem.

Meanwhile, Likphai did not comment on whether he would meet with delegates from Taiwan at the coming Asia-Pacific Economic Cooperation (APEC) forum leaders' meeting in Indonesia.



## Hong Kong

### 'Roundup' on Airport Agreement Impacting Bank Sector

HK0711075494 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1228 GMT 3 Nov 94

["Roundup" by Hung Wen (1738 5113): "Bankers Talk About Impact on Banks and Interest Rates Brought by the New Airport Agreement"]

[FBIS Translated Text] Hong Kong, 3 Nov (ZHONGGUO TONGXUN SHE)—China and Britain will sign an agreement on the overall financial arrangements for Hong Kong's new airport tomorrow (4 November). Due to the great demands of financing the airport and that the loans period straddles 1997, people are concerned about how the signing of the agreement will affect the banking industry and the interest rate trend. Some personalities in the banking industry have predicted that the conclusion of this agreement will be favorable to Hong Kong's economy as a whole, and the banking industry will also benefit from this. Banks will appropriately participate in the relevant financing operations, but it is believed that interest rates will not be pushed up right away.

Hsu Tse-ti, assistant general manager of National Commercial Bank Limited, told this reporter that the agreement on the financial arrangements for the new airport is favorable to the development of Hong Kong's economy as a whole and will benefit the banking industry too. In fact, quite a few banks have made active preparations for participating in the financing of the new airport and other large capital construction projects since the beginning of this year and have deployed funds for this purpose. He believes that once the issue of the airport's financial arrangements is settled, foreign and local banks will positively participate in the financing business, which calls for a large amount of money.

As to whether or not interest rates will rise along with increasing demand for finance, he thinks that there is real upward pressure on interest rates. In the early stages of the new airport project, however, there will be little difficulty in raising funds, so he believes that interest rates are unlikely to be pushed up. When the project is in full swing, more funds should be injected into it. Moreover, as the rising trend of U.S. interest rates remains unchanged, he anticipated that it is highly possible that interest rates in Hong Kong will increase by half to one percentage point by the middle or second half of next year.

Wu Lien-feng, deputy general manager of the Nanyang Commercial Bank, also pointed out that the banking sector has generally shown an interest in airport financing. He believes that various banks will appropriately participate in extending credit to the project, which calls for a large amount of money, according to their actual conditions under the overall arrangements for the placement of funds. He thinks that interest rates will not

necessarily be pushed up in this process, because Hong Kong is a major international fund-raising center in which both foreign and local banks have a chance to participate in financing the new airport and the pressure on funds will not be very great.

Given the stimulation of the airport factor, both Hsu Tse-ti and Wu Lien-feng believe that current year profit growth of Hong Kong's banking industry as a whole will be slower than last year, and is estimated at about 10 percent. This reflects that growth in bank profits has come down from its peak and has entered a period of stability. On the one hand, banks will still benefit from overall economic development, their operational and managerial level will be repeatedly enhanced, and non-capital gains will grow rapidly. On the other hand, the spread between deposit and loan interest rates will continue to narrow and various costs will keep increasing, which will make operations more difficult for the entire banking sector. For this reason, they have adopted an attitude of guarded optimism on the future profitability of the banking industry.

### XINHUA Demands Talks on Movie Censorship Law

#### JLC: Deletion 'Major Policy'

HK0811041494 Hong Kong SOUTH CHINA  
MORNING POST in English 8 Nov 94 p 1

[By Chris Yeung]

[FBIS Transcribed Text] Britain and China are poised to lock horns in a new row, this time over a controversial move to drop the so-called "good relations" clause from the Film Censorship Ordinance.

China's de facto embassy in Hong Kong yesterday demanded talks on the issue at the Sino-British Joint Liaison Group (JLG).

The Culture and Sports Department of XINHUA (the NEW CHINA NEWS AGENCY) said in a statement last night that the proposed deletion was a "major policy" matter that should only be determined by the JLG after discussion.

The South China Morning Post revealed on Saturday that the Government was ready to allow an amendment proposed in a private member's bill by legislator Martin Lee Chu-ming to remove the clause.

Under Section 10.2 (C) of the ordinance, censors are empowered to ban a film if "there is a likelihood that the exhibition of the film would seriously damage good relations with other territories".

The ordinance, enacted in 1988, was used to "excise" a Taiwanese production entitled *Mainland 1989*, which touched on the June 4 Tiananmen massacre.

A XINHUA spokesman said changes to the Film Censorship Ordinance would impinge upon the cultural policy of the future Special Administrative Region (SAR) government.

Some provisions of the ordinance were related to the relationship between Hong Kong and its neighbouring countries and regions.

It would have a bearing on the ties between the People's Republic and its neighbours after 1997, the spokesman said.

Government Information Co-ordinator Kerry McGlynn said they had yet to receive any formal request from China for talks on the issue at the JLG.

"If received, we will of course treat it in the normal way. But we've made it clear that while we do not see the need to amend the clause, we will not oppose moves to amend it," he said.

Mr McGlynn said the administration appreciated the reason behind the proposed amendment.

A senior Chinese source claimed the government move was part of its strategy to make the future SAR more difficult to govern. The source cited other far-reaching changes, such as the government initiative to boost information access to the public and the gradual easing of restrictions over the activities of pro-Taiwan groups, such as Double Tenth celebrations, in the territory.

The Chinese believe these are not individual incidents, but part of a British strategy in the final years of its colonial rule.

"Why did they not do so in the past 100 years or so, instead of only in the last few years of its rule? We cannot but come to the conclusion that it is trying to create trouble for the future SAR government," the source said.

He argued that the Government was obliged under the Sino-British Joint Declaration to keep the present systems unchanged. The amendment, to be forwarded by Mr Lee, chairman of the Democratic Party, is almost certain to be passed by the Legislative Council.

Selina Chow Liang Shuk-ye of the Liberal Party the second largest faction in Legco indicated last night that they would not oppose Mr Lee's amendment. Given that the clause did not make much impact in the past few years, she said it should not stay on the statute book.

A core leader of the pro-China Democratic Alliance for the Betterment of Hong Kong, Cheng Kai-nam, also said they would not oppose the move. He said there should not be double standards over media censorship as the "good relations" clause had only applied to films but not printed media such as newspapers. But Mr Cheng stressed that whether provisions on film censorship would remain intact after 1997 depended on whether they were in line with provisions in the Basic Law that prohibited activities that undermined state security.

Mr Lee has argued that there was no need to impose political censorship of films or media.

Critics have also said the clause was not in line with the Bill of Rights.

Government officials were adamant that the article was "not inconsistent" with the Bill of Rights. But the administration had taken note of the vocal demand in the community for a deletion of the provision.

#### More on Censorship

OW0811065594 Beijing XINHUA in English 0643  
GMT 8 Nov 94

[FBIS Transcribed Text] Hong Kong, November 8 (XINHUA)—A Chinese official here was quoted today as saying that whether or not the present film censorship ordinance should be amended must be determined by the Sino-British Joint Liaison Group (JLG).

According to the local Chinese-language newspaper WEN WEI PO, an official of the culture and sports department of XINHUA NEWS AGENCY Hong Kong branch made the comment Monday [7 November] night.

The comment came after the local government was reportedly ready to allow an amendment proposed by a local legislator to remove the so-called "good relations" clause from the film censorship ordinance.

Under the present ordinance, censors are empowered to ban a film if there is a likelihood that the show of the film would seriously damage good relations with other territories.

The proposed deletion of the clause was a major policy matter which must be decided by the JLG, said the official, adding that changes to the ordinance would impinge on the cultural policy of the future Hong Kong Special Administrative Region government.

Some provisions of the ordinance were related to the relationship between Hong Kong and its neighboring countries and regions, went on the official, adding that changes of them would have a bearing on the ties between the People's Republic of China and its neighbors after 1997.

Analysts here pointed out that China's demand was legitimate and reasonable as the local government was obliged under the Sino-British Joint Declaration to keep the present systems unchanged.

#### News Agency Criticizes Old Age Pension Proposal

HK0811083094 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1053 GMT 31 Oct 94

[By reporter Zhao Wen (6392 2429)]

[FBIS Translated Text] Hong Kong, 31 Oct (ZHONGGUO TONGXUN SHE)—Consultation on the old age

pension scheme put forward by the Hong Kong government will end today. During the period of soliciting opinions, various social groups, commercial chambers, and social personages have aired their views. They have generally shown doubts about the scheme and given their criticism and objection to it.

Criticisms from various social circles on the old age pension scheme can be summed up as follows:

1. The retirement guarantee has been mixed up with the old age welfare.

The retirement guarantee and old age welfare are two entirely different issues. In the government's scheme, the two have been mixed up. Thus, it cannot help in solving the short-term and long-term problems of either issue. Moreover, it will inevitably aggravate social contradictions and polarization and will cause heavy financial loads on society.

2. The fair principle of "more work, more pay" has been violated.

No matter how much one has contributed to the scheme, or even no contribution at all, one will get a pension sum equal to everyone else. Thus, the fair principle of "more work, more pay" is violated.

3. The load on society will increase with each passing day.

According to the scheme, labor and employment will jointly contribute 3 percent of the salary payment. However, with the ageing of society and the continuous growth of the aged population, the proportion of contributors will decrease. In order to maintain expenditure on the enormous old age pension, the percentage of contribution will certainly increase. Undoubtedly, social costs will also increase which will weaken Hong Kong's competitiveness and shake the foundations of economic prosperity, pushing Hong Kong into the predicament of a Western welfare society.

4. Without consultation between China and Britain, it is doubtful whether the scheme can continue in effect after 1997. It has been said that the scheme will go into effect around 1997. According to the Sino-British Joint Declaration, any important policy decisions that go beyond 1997 should be discussed and resolved by both China and Britain. The Hong Kong government, however, has put forward this scheme unilaterally. This causes people to feel that it is carrying out an arrangement characterized by "I make the plan and you carry it out" and "I spend large amounts of money to curry favor with others, leaving giant debts for the future government of the special administrative region." Some social personages pointed out more sharply that behind the old age pension scheme, the Hong Kong government has an untold political motive. Dr Paul Johnson, a British expert in the study of retirement pensions, even likened the said scheme to a time bomb in Hong Kong. Therefore, people are questioning whether the Chinese side

will take over this "time bomb" intentionally created by the British Hong Kong authorities.

While making the abovementioned criticisms, various social circles have also put forward many proposals, including establishing a central provident fund system, carrying out an overall retirement guarantee scheme, appropriately increasing aid to elderly people who are in need, and further perfecting the system of social welfare.

As the old age pension scheme put forward by the Hong Kong government has been strongly questioned, criticized, or opposed by various social circles, the Hong Kong government should attach sufficient importance to it and reexamine the scheme. If it still uses its power to force the implementation to the neglect of the opinions of various social circles, this can only prove that it is not a responsible government.

#### **PRC Official Rejects Proposed Sewage Treatment Program**

*HK0611074994 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 6 Nov 94 p 2*

[By Quinton Chan]

[FBIS Transcribed Text] China yesterday made clear its opposition to Hong Kong's proposed sewage treatment programme, accusing the Government of exaggerating its effectiveness. Chinese Joint Liaison Group (JLG) team member Chen Zuoer said the Hong Kong side misled them by claiming the \$68-billion scheme would clear 70 percent of pollution from Victoria Harbour.

He claimed a detailed study of the documents provided revealed this would only be true for one type of bacteria. "We read the report, checked the record and found out it can only take 70 per cent of the E. Coli out of the harbour," he said. "Using such a one-sided figure to say it can improve cleanliness in the harbour, the ecosystem and people's health, just isn't the truth."

Mr Chen said many other elements had to be considered in defining the level of pollution in the harbour, including the amount of heavy metal and organic materials, as well as the percentage of oxygen in the water. "Even if the scheme reduces E. Coli by per cent, the amount of that bacteria will still be double the international standard," he said. "In this situation, how can we accept such a plan?"

But Director of Environmental Protection Stuart Reed defended the Government's use of the E. Coli figure as a good general indicator of water pollution. "E. Coli is a very well established base for assessing water quality.

"As an indicator it certainly does not tell the whole story and nor have we ever said that it did," he said. "The scheme is a very effective one and people need it quickly."

Meanwhile, Mr Chen also accused the British of not doing sufficient preparatory work, saying his side had



not even received an environmental impact study of the scheme, or a report on how to deal with it.

#### **Railway Localization Progress Seen as 'Slow'**

HK0611075194 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 6 Nov 94 p 2

[FBIS Transcribed Text] As the Government speeds ahead with an aggressive localisation policy which will see virtually all expatriates removed from the top of the civil service by the end of next year, statutory corporations such as the Mass Transit Railway Corporation (MTRC) are being left far behind. Seven of the eight executive directors of the MTRC are still expatriates, and their overwhelming dominance of the upper echelons of the corporation is not expected to change any time soon.

Although the MTRC belatedly adopted a localisation policy late last year, unlike the Government, they have no plans to compulsorily retire any expatriates or give priority to local staff in internal promotions. The corporation has stipulated its next chairman and chief executive should preferably speak Cantonese, and have worked in Hong Kong, when incumbent Hamish Mathers, 62, steps down next March. But this is not mandatory for the post, and it is still unclear whether a local will be appointed.

Spokesman Miranda Leung said the MTRC would not compel its expatriate directors, who have all been with the corporation for more than a decade, to step down. Other than Mr Mathers, none are expected to retire next year. "We do have a localisation plan and are trying to identify suitable locals to train for senior posts," she said. "But we also need international expertise and don't think it's fair to force people, who have been with the corporation for such a long time, to leave." But expatriate-only perks have been abolished under a so-called "pay equalisation scheme". Local managers are also now included on interview boards for expatriate job applicants, to reduce the potential for bias.

United Democrats legislator Albert Chan Wai-yip said the lack of locals at senior levels of the MTRC was a problem also shared by other statutory corporations such as the Kowloon-Canton Railway Corporation and Provisional Airport Authority. "Localisation of the MTRC is not fast enough," he said. "They should make it clear that whenever there is a vacancy among senior staff, locals should have preference over expatriates."

The MTRC's only local executive director is property director Thomas Ho Hang-kwong. Apart from Mr Mathers, the others are operations director Bill Donald, finance director Roger Moss, marketing and planning director Rob Noble, personnel director Patrick Maule, project director Russell Black and legal director Len Turk.

#### **Editorial Predicts Discord Over Railway Control**

HK0611075394 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 6 Nov 94 p 16

[Editorial: "Get Ready for Next Tussle Over Airport"]

[FBIS Transcribed Text] Only two days after the signing of the long-awaited minute on airport financing, and already problems are beginning to emerge.

Chinese sources have begun indicating there will be no easy ride to the next step of the process, the signing of the two supplementary financial support agreements, without which last Friday's [1 November] accord will be all but meaningless.

Perhaps that is not so surprising. After all, if the resolution of these supporting agreements was going to be easy, then they would have been signed together with the finance minute last week. Instead, Beijing insisted on discussing them separately; a process which will only begin this week.

The signs are that China will now look very closely at the structure of the Mass Transit Railway Corporation (MTRC) before allowing any final agreement to be reached.

China's long-standing concern that the Government plans to grant so much commercial autonomy to the future Airport Corporation that it will become an "independent kingdom", beyond the control of the post-1997 Special Administrative Region government, now seems to have sparked similar fears over the MTRC.

With perhaps a little prodding from its local leftist allies, some mainland officials look set to choose the expatriate-dominated MTRC as the next target of its campaign for greater control.

To a limited extent, their concerns are justified. Certainly the Chinese are right to note that, in an era of increasing localisation, it is an anachronism to have a railway corporation where seven out of eight executive directors are still expatriates.

But this is not a problem unique to the MTRC: the upper echelons of other statutory corporations such as the Kowloon-Canton Railway Corporation and, more particularly, the Provisional Airport Authority, are similarly structured.

That is because, unlike the Government, where localisation is now being pursued with much more vigour, these are bodies run strictly upon commercial principles: which, as in the private sector, means choosing executives on the basis of their depth of knowledge and expertise—often gleaned overseas—rather than simply by race.

What is worrying is that China, despite today's more market-orientated economy on the mainland, seems to have such difficulty comprehending this.

To criticise the MTRC for not making enough effort to localise is one thing. But to suggest it needs to come under tighter Government control is quite another.

Such demands betray a lack of basic understanding of how commercial autonomy has given the corporation the flexibility it has needed to build one of the world's best underground railway systems, without being a drain on public funds, and achieving AAA credit ratings in the international finance markets. If it has been slow to localise, it is because Hong Kong lacked the necessary pool of local talent when the project first started.

However, to talk about tighter government controls over who should sit on the board of the statutory corporation, will send precisely the wrong sort of signals to the private sector: suggesting, rightly or wrongly, that Beijing plans the same controls for them after 1997.

Sadly, such wrangles over the monitoring of the MTRC are probably only the first of many which Hong Kong will see, before the airport negotiations are genuinely brought to a close.

The minute signed last Friday is littered with ambiguities, where the two sides have tried to paper over the gaps that still divide them. The clause on cost monitoring, which is the one covering control of the MTRC, is the longest but least precise of all.

But, as shown by all the problems that have followed the 1991 Memorandum of Understanding on the airport, such ambiguities only store up further trouble for the future. It took more than three years to sort that one out. In this case, it can only be hoped the time-lag will be much shorter.

#### Editorial Criticizes UK Noncooperation

HK0811094794 Hong Kong WEN WEI PO in Chinese  
8 Nov 94 p A2

[Editorial: "Empty Talk on Mending Relations But No Action Taken—Background to Hurd's Speech Analyzed"]

[FBIS Translated Text] Early this month, British Foreign Secretary Douglas Hurd said that British-Chinese relations became frigid because of the Hong Kong issue and that this situation should not continue; Britain needs to develop closer political, diplomatic, and military relations with China. However, he continued to express full support for Chris Patten and said that Patten would "ensure the fulfillment of Britain's responsibilities."

Hurd uttered the remarks when the British business circles stopped making financial contributions to the Conservative Party and shifted support to the Labor Party. Frigid relations between Britain and China were completely caused by Britain's change of its China and Hong Kong policy and adoption of a policy that challenged Sino-British cooperation and violated the Joint Declaration. The business circles in Britain did not want

to see the continuation of this policy and exerted pressure on the Conservative cabinet. In order to win more votes in the coming elections, the Conservative Party could not but put on a posture of "hoping to improve" Sino-British relations.

However, the "hope for improvement" was not equal to "immediate improvement." Hurd said that "British-Chinese relations will become warmer next year." This was just a promissory note. Why do people have to wait until "next year"? Because Patten will still have to go all out to carry out his "legal reform" in the next year as a backup step for his political reform and will still foster pro-British and anti-China elements by helping them win more seats in the 1995 election. In the next year, the British side and its followers will continue to attack, resist, and belittle the Preliminary Working Committee [PWC]. Hurd's timetable for "improving Sino-British relations" coincided with Patten's timetable for "cooperation" with the Chinese side and Patten also mentioned that he would cooperate with the Preparatory Committee only in 1996.

The postponement of the cooperation timetable showed that the British side still insisted on unilaterally exercising rule over Hong Kong and tried to determine things after 1997. Such an attitude is not conducive to the settlement and handling of affairs straddling 1997 and is also unfavorable to the improvement of Sino-British relations.

In the period of more than two years since Patten came to Hong Kong, he has not concealed his intention of confrontation against the Chinese side by discarding the seven letters exchanged by the Chinese and British foreign ministers and openly agitating Hong Kong people to "fight" against the Chinese side. He did not conceal the intention of changing the policy of submitting affairs straddling 1997 to the Joint Liaison Group for consultation with the Chinese side, slandering these as "secret talks" and "secret agreements." He also refused to carry out the Sino-British understanding on making the political structure converge. John Major also personally received the leaders of the pro-Britain and anti-China United Democrats in his capacity as government head. Such undisguised propaganda and actions enabled all just and upholding mass media see that the British side was disrupting and undermining Sino-British cooperation. At first, the British side guessed that it could force the Chinese side to swallow the bitter pill; however, the situation developed in the opposite way to the British side's wishes. The practice of damaging Hong Kong's smooth transition has made Patten extremely isolated in Hong Kong and British businessmen have directly blamed Patten for spoiling Sino-British relations. The Conservative Party found that all Western powers had improved their relations with China and had begun to do business with China on a larger scale, only Britain failing to share the benefits. It eventually found that the change in its China policy since the summer of 1992 had gone too far and had left too little room for



maneuver. However, the Conservative Party did not have the moral courage to admit the erroneousness of its policy and to admit the fact that the policy was unfavorable to Hong Kong's smooth transition and to the improvement of Sino-British relations; instead, it just tried to conceal faults and gloss over wrongs, trying to shift the blame for worsening relations onto the Chinese side. Therefore, in his speech, Hurd did not mention any concrete steps for improving relations with China. He even said that it was wrong to criticize the British side for "creating political turmoil and using up financial resources" in Hong Kong and used Hong Kong's continuing economic progress to defend the British position. It was to no avail to defend in this way. Hong Kong's prosperity in the last few years resulted from the great benefit brought by the economic take-off in the mainland. This was demonstrated by the fact that a large number of factories in Hong Kong were moved to the mainland, most companies in Hong Kong made investment in the mainland, and trade between Hong Kong and the mainland increased by a big margin. What did Patten do for the benefit of Hong Kong's industrial and commercial development after he came to Hong Kong? The pension scheme he designed was widely criticized by local and foreign businessmen, his political reform package have not been supported by the industrial and business circles, his practice of being partial to British companies in the course of inviting tenders for consultancy and construction contracts for the new airport project was also criticized by Hong Kong, Japanese, American, and South Korean companies. All this shows that Patten's administration is only aimed at gripping greater interests for Britain in Hong Kong, rather than guaranteeing Hong Kong's long-term prosperity and stability.

The British Government has now indicated its willingness to improve relations with China. This might be the result of being faced with certain pressure which partly came from Hong Kong people, including the industrial and business circles. None of the major industrial and commercial organizations in Hong Kong openly support Patten's package. Jimmy McGregor was driven out of office in the Hong Kong General Chamber of Commerce because of his position supporting Patten's package. Many social organizations in Hong Kong called for a smooth transition, going to Beijing one after another to express their opinions. If Britain still refuses to change its Hong Kong policy, its ruling authority will certainly become weaker and weaker and the British Hong Kong authorities will certainly become increasingly isolated in the local community. If Britain really wants to preserve its interests in Hong Kong after 1997, it must change its current policy which is neither favorable to Hong Kong's prosperity and stability nor favorable to the development of good relations with China.

The Hong Kong issue is a major component part of Sino-British relations. If Britain really wants to develop good political, diplomatic, and military relations with China, it must carry out the Joint Declaration with good

will and return a prosperous and stable Hong Kong to China in 1997, without creating trouble and setting obstacles to China's restoration of the exercise of sovereignty over Hong Kong. The transfer of government is not an event of the British Hong Kong Government passing the power to the special administrative region [SAR] government. The British side must not create a three-legged stool. It must not create political turmoil and must not grip economic benefits by force and trickery. If Hurd really meant that in his speech, that would be something to be welcomed. However, words are not equal to deeds and Hong Kong people are looking forward to concrete actions taken by the British side.

The actions should be comprehensive. In the remaining more than 900 days of British rule, the British side should consult the Chinese side on all affairs straddling 1997 which require the SAR government to undertake commitments and responsibilities according to the provisions of Annex II of the Joint Declaration; and should discuss all relevant economic, legal, and social affairs with the Chinese side. The transfer of property, government information, and civil servants' dossiers should be discussed; and the information concerned should be given in full; and the procedures of transfer should be fully considered and arranged by the two sides. This will be favorable to Hong Kong's continuing economic growth, to Hong Kong people's peaceful and happy living and working conditions, to Hong Kong's law and order, and to the completion of all capital construction projects in time and in good quality.

However, Hong Kong people have just seen a puzzling situation: While the British foreign secretary expressed willingness to improve relations with China, it seemed that the British Government had no ability to order the British Hong Kong authorities to act in the light of this spirit as Patten and his subordinates did not take any corresponding action and just continued to worsen relations with China and continued to utter remarks agitating Hong Kong people to resist and defy China. Did this show that the British side had no sincerity at all or still had any other considerations? If Hurd still supports Patten's behavior, then he is undoubtedly setting obstacles to the improvement of relations with China.

#### Comparison of Li Ruihuan Remarks on Hong Kong Policy

OW0411132394

Beijing XINHUA Domestic Service in Chinese at 1150 GMT on 3 November carries a 533-character report on Li Ruihuan's meeting with a Hong Kong visiting group led by F.K. Hu.

The XINHUA Chinese version has been compared with the English version headlined "Li Ruihuan: Hong Kong Policy Remains Unchanged," published in the 4 November China DAILY REPORT on page 45, and was found to contain the following variations:



Page 45, column one, paragraph four, only sentence, reads ...prosperity, Li said.

Compared with more than a decade ago, the common view shared by the mainland and Hong Kong has changed a lot; this is a conclusion reached through practice that has gone through a process. [shi shi jian de chu de jie lun, shi jing li le yi ge guo cheng de; 2508 1395 6432 1779 0427 4104 4814 6158, 2508 4842 2980 0055 0001 0020 6665 4453 4104]. Therefore, "We have every... (rewording and dividing into two sentences).

### Macao

#### NPC Legal Official on Localizing Macao Laws

OW0711124494 Beijing XINHUA Domestic Service in Chinese 0733 GMT 6 Nov 94

[By XINHUA reporter Fang Jin (2455 3866)]

[FBIS Translated Text] Beijing, 6 Nov (XINHUA)—The localization of Macao's laws is one of the three main issues facing the transitional period of Macao. It is of great significance in ensuring the smooth transfer and transition of the Macao Government. It is also of utmost importance in building a legal system for the Macao Special Administrative Region in the future. Recently, this reporter had an interview with Wang Shuwen, vice chairman of the Law Committee of the National People's Congress, who attended a "Discussion Meeting on the Legal Systems of Mainland China and Macao as Well as Their Relationships."

Wang Shuwen is a noted law expert who once participated in the work of drafting the Basic Law of the Macao Special Administrative Region. He held that the localization of Macao's laws means to change the Portuguese laws currently in effect in Macao into Macao's local laws through certain legislative processes, and make the contents of these local laws dovetail the Basic Law of the Macao Special Administrative Region. Meanwhile, laws or articles of law which contravene the Basic Law of the Macao Special Administrative Region should be removed.

At present, Portuguese laws which apply in Macao include the Constitution, the Organizational Rules for Macao, Portuguese Civil Law, Criminal Law, Commercial Law, Criminal Procedure Law, and Civil Procedure Law. Besides, Portugal also particularly formulated some general laws for Macao, such as the Organizational Rules Concerning Public Security Troops in Macao and the Outlines of Judicial Organizations in Macao. The laws and regulations mentioned above stipulate administrative, legislative, and judicial organizations and their

functions and duties, as well as the handling of civil and criminal cases. In addition, the Portuguese Government in Macao began to work on local laws in 1976. But it focussed on laws concerning social and economic aspects as well as the rules for implementation of Portuguese laws.

According to the regulations of the Basic Law of the Macao Special Administrative Region, after China resumes its sovereignty over Macao, original laws, decrees, and administrative rules applied in Macao will basically remain unchanged. But those Portuguese laws which are currently applied in Macao were originally formulated by the Portuguese Parliament rather than by the local legislative body in Macao. Therefore, it is necessary to make the contents and languages of these laws suitable to the local condition in Macao during the transitional period. Besides, laws that contravene the Basic Law of the Macao Special Administrative Region, such as the Portuguese Constitution which cannot be changed into a local law, will not be retained after the founding of the Macao Special Administrative Region. Some articles of law and terminologies which contravene the Basic Law of the Macao Special Administrative Region shall be amended.

Wang Shuwen said: During the course of localizing Macao laws, it is necessary to proceed from the realities in Macao and conform to the regulations of the Basic Law of the Macao Special Administrative Region concerning Macao's legal status. The Macao Special Administrative Region is directly under the jurisdiction of the Central People's Government. On the premise of persistently safeguarding the state's sovereignty, unification, and territorial integrity, the region will enjoy a high degree of autonomy without any nature of an independent or semi-independent political entity. Besides, in localizing the laws, it is necessary to meet Macao's current needs for social and economic development. Many laws which currently apply in Macao were formulated during the turn of the last century. Many regulations are outdated in content and divorced from the realities in Macao. These laws should be amended or substituted with new ones.

The work of localizing Macao's laws has been underway and achieved some progress, thanks to the joint efforts of China and Portugal. But the work is still far from meeting the objective requirements. The work involves many aspects of endeavors including consolidating, amending, drafting, and translating Macao's current laws. Wang Shuwen said it is necessary to formulate an overall plan for amending and formulating the laws. At present, the most important thing is to translate Macao's current laws from Portuguese into the Chinese language.

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